Pernod Ricard

2007/2008 Reference Document

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This reference document was filed with the French Financial Markets Authority on 2 October 2008, in accordance with Article 212-13 of its General Regulation. It may be used in support of a financial transaction if it is supplemented by a prospectus approved by the French Financial Markets Authority.

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PRESENTATION OF THE PERNOD RICARD GROUP

History and organisation

More than 30 years of continued growth

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

Pernod Ricard was born in 1975 out of the link-up of two aniseed drinks specialists, Pernod SA and Ricard SA, long-time competitors on the French market. The Group they formed was able to take advantage of new resources to develop its Distribution Networks and its brand portfolio (including Ricard, Pernod, Pastis 51, Suze, Dubonnet, etc.) in France and other countries.

For its initial acquisitions, Pernod Ricard gave priority to one product, whisky, the most consumed spirit in the world, and one country, the United States, the world's biggest market for the whisky sector. This led to the acquisition by the new Group of Campbell Distillers, a Scotch whisky producer in 1975, followed by Austin Nichols, the producer of Wild Turkey American bourbon whisky 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 an extremely dense Distribution Network in Europe. Over a period of ten years, the Group extended its coverage to all the countries of the 15-member European Union, establishing a strong brand presence: Pernod in the United Kingdom and Germany, Ricard in Spain and Belgium. A number of local acquisitions also helped to enhance the network's portfolio (Ouzo Mini in Greece, Zoco liqueur 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.

The Group took over Irish Distillers, the main Irish whiskey producer and owner of the prestigious Jameson, Bushmills, Paddy and Powers brands, in 1988. Jameson provided the Group with a high-potential brand to develop. Between the acquisition in 1988 and 2007, the brand has delivered average annual growth in sales volumes of nearly 10%, rising from 0.4 million cases to 2.3 million cases.

In 1989, the Group extended its network to Australia by purchasing Orlando Wines, Australia's No. 2 wine producer. The company went on to form the Orlando Wyndham group with Wyndham Estate, in 1990. Jacob's Creek has now 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 the country 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 Pacharan.

Following all these acquisitions, the Group embarked on a reorganisation, aimed primarily at decentralising its activities. First of all, Pernod Ricard implemented regionalisation by giving each of its 4 direct subsidiaries responsibility for one continent. The Group's structure was then reorganised around Distribution Subsidiaries (with their own sales teams in local markets) and "Brand Owners" subsidiaries, (charged with overseeing production and global brand strategy). These Brand Owners only distribute to the Group's subsidiaries and do not generally have their own sales force. In this way, Pernod Ricard was able to ensure global coherence of its brands, 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 Group was able to build a position in Russia where most of this brand's sales are made, while providing Wyborowa with a platform for international development.

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 regard to high-quality whisky brands, such as Chivas Regal and The Glenlivet, high quality cognac brand with Martell and, in the white spirits segment, Seagram's Gin. It also had leading local brands such as Montilla in Brazil or Royal Stag in India.

As a result of this major acquisition, the Group decided to refocus on its core business, and started to withdraw from the non-alcoholic 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, as well as BWG, a distributor in Ireland and the United Kingdom, and CSR-Pampryl.

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

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

2005/2006 and 2006/2007 were then marked by the total success of Allied Domecq's integration, and the continued strong growth of 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 Brivic Plc. Similarly, The Old Bushmills Distillery and the Bushmills brands were sold to Diageo, and Glen Grant and Old Smuggler to Campari. 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 the new global marketing strategies on all the brands gained from the acquisition of Allied Domecq.

Highlights of the financial year 2007/2008

2007

September
Disposal of cellars and the Framingham brand to Sogrape.
Global launch of Chivas 25 years to the New York City National Library.

October
Disposal of the Italian wine brand Canei to Baarsma Group Holding by Pernod Ricard Italia.

December
Creation of the "Prestigious Brand Management" Chair at HEC, a leading French business school with the signature of a partnership agreement between Bernard Ramanantsoa, CEO of HEC and Patrick Ricard, Chairman and CEO of Pernod Ricard.

2008

January
Two-for-one split of the par value of the Pernod Ricard share which is now €1.55 versus the previous €3.10.

March
Launch of Perrier-Jouët "By and For", the most exclusive champagne in the world, at the Palais Garnier opera house in Paris.

Announcement of the signature of a contract with the Kingdom of Sweden to acquire 100% of the shares of Vin&Sprit, owner in particular of the ABSOLUT vodka brand.

April
Disposal of Spanish brandies: Carlos I, Carlos III and Felipe II, and Spanish sherries La Ina and Rio Viejo.

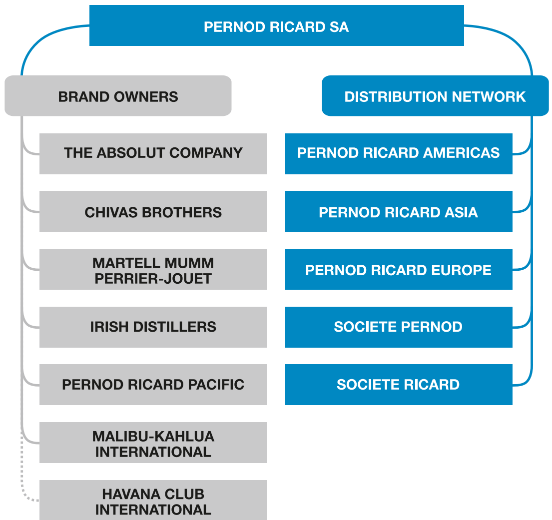
June
Acquisition of the Lillet company by Ricard.

Significant post balance sheet 2008 events
Acquisition of Vin&Sprit on 23 July 2008.

A decentralised business model

Organisation chart

Brief description of the Group



The general organisation of the Group is based around Pernod Ricard SA (hereinafter the "Holding Company") which holds directly, or indirectly through holding companies (hereinafter the "Regions"), companies referred to as "Brand Owners" and "Distributors". Some companies combine both Brand Owners and Distributors roles.

The **Holding Company** exclusively manages certain reserved functions such as:

- overall Group strategy, particularly organic and external growth;
- management of equity investments, in particular any merger, acquisition or resale of any appropriate assets;
- management of the financial policy of the entire Group including the financing resources;
- tax policy and its implementation;
- defining remuneration policies, management of international executives and development of skills and competencies;

- approval of new advertising campaigns for all brands prior to launch;
- approval of key features of strategic brands;
- corporate communications and investor, analyst and shareholder relations;
- sharing of resources, for example by combining purchasing volumes through the purchasing department;
- major applied research programmes.

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 purchases of advertising space, and receipt of dividends.

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

Since 1 July 2008, Group **General Management** is composed of:

- the **Chief Executive Officer**;
- the **Managing Director**, Group Executive Director;
- four **Deputy Managing Directors**, respectively:
  - DMD – Finances,
  - DMD – Brands,
  - DMD – Distribution network,
  - DMD – Human Resources.

Group General Management, under the authority of the Chief Executive Officer and the Managing Director, whose powers are determined by law, the bylaws, and the Board of Directors, **is collectively in charge of steering the Group's business.**

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

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

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

Distributors are autonomous subsidiaries to whom 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.

List of significant subsidiaries

The list of significant subsidiaries is presented in Note 24 – *Subsidiaries and associates at 30 June 2008* to the Parent Company financial statements.

Operation and strategy

Main businesses (15 strategic brands)

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 growth and external growth. The acquisition of part of Seagram (2001), Allied Domecq (2005) and recently V&S (2008) have pushed the Group to the rank of global co-leader in Wines & Spirits.

Pernod Ricard owns one of the industry's most prestigious brand portfolios which include: ABSOLUT Vodka (since 23 July 2008), Ricard Pastis, Ballantine's, Chivas Regal and The Glenlivet Scotch Whiskies, Jameson Irish whiskey, Martell Cognac, Havana Club Rum, Beefeater Gin, Kahlúa and Malibu Liqueurs, Mumm and Perrier-Jouët Champagnes as well as Jacob's Creek and Montana wines.

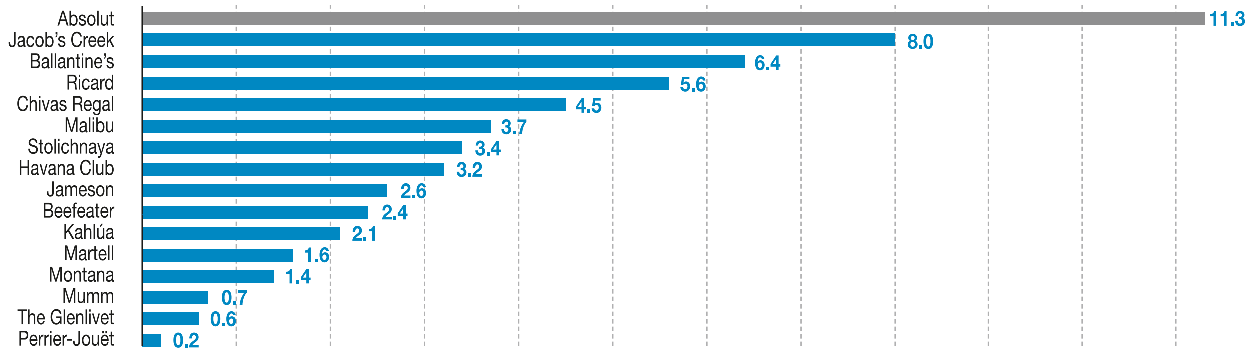
Pernod Ricard relies on a decentralised organisation composed of "Brand Owners" subsidiaries and "Distribution Subsidiaries". The organisation employs over 19,300 people in 70 countries (including V&S).

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

- investing first and strongly in world class strategic brands;
- add Premium brands to the portfolio by aiming at luxury names and accelerating growth and profitability;
- expand on emerging markets which offer the strongest growth outlook;
- continue external growth, after restoring financial capacity in order to remain a dynamic player in the consolidation of the Wines & Spirits sector.

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

STRATEGIC BRANDS (2007/2008 volumes in millions of 9 litre cases)



Total "Top 15": 46.3 million cases

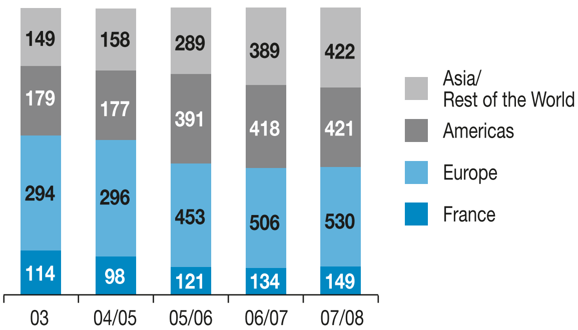
Primary markets (4 large geographical areas)

The outlines of the Group's large market presence and development regions reflect its historical roots and growth strategy based on acquisition.

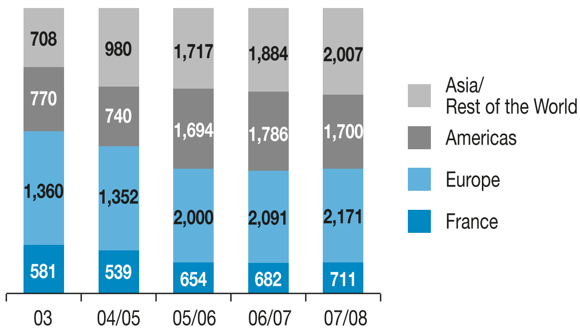
It all began in France, with the two major aniseed brands, Ricard and Pastis 51 (Pernod), which gave their name to the Group. The Group then grew through a series of acquisitions, first to Europe which became the second strategic area and which currently represents the largest region in terms of sales and earnings. Pernod Ricard used the strength provided by these solid roots as a springboard to conquer North and South America, Asia and the Rest of the World, the regions that have driven the strongest growth in the past years.

It is interesting to note that the emerging markets of Europe, North and South America and Asia and the Rest of the World have increasingly fuelled a substantial percentage of the Group's growth.

PROFIT FROM RECURRING OPERATIONS BY REGION (in euro million)



SALES BY REGION (in euro million)



The issuer'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.

Competition

Markets and competition

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

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

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

In 2008, Pernod Ricard joined in the industry's general consolidation wave and acquired V&S, the ABSOLUT Vodka distiller. This acquisition changes the industrial landscape:

- the acquisition makes Pernod Ricard the world's second largest spirits company in volume[1] and co-leader alongside Diageo and ahead of Bacardi-Martini and Beam Global (Fortune Brands);
- this is also a major acquisition on the Premium spirits segment[2] as it allows Pernod Ricard to become the leader especially thanks to ABSOLUT, the largest Premium vodka brand in terms of volume.

Property, plants and equipment

Existing main property, plants and equipment

Pernod Ricard's industrial plants and equipment are mostly industrial sites: wineries, distilleries, ageing warehouses, vatting facilities, bottling centres, storage and shipping platforms, etc. They also include administrative buildings, research centers and farmlands that spread over more than 10,000 hectares of vineyards located primarily in Australia, New Zealand, Spain and France.

Due to the Group's decentralised organisation, these properties are directly owned by the subsidiaries that operate them. As of 30 June 2008, the net book value of these properties totalled €1,608 million.

As of June 30, 2008, the number of industrial sites in operation totalled 102. Two sites were removed from the scope of consolidation since the 2006/2007 reporting period: the Lawrenceburg facility in Indiana, USA and the Framingham wine cellar in New Zealand were sold off.

Five vatting and bottling centres handled 38.3% of the total volume produced by the Group:

- 12.1% to Rowland Flat in Australia;
- 8.7% to Kilmalid in Scotland;
- 7.6% to Paisley in Scotland;
- 5.4% to Fort Smith in the United States;
- 4.5% to Tamaki in New Zealand.

In respect of distilling operations, the five largest distilleries accounted for 65.8% of the Group's total distilled spirits in the 2007/2008 reporting period:

- 20.7% by Strathclyde in Scotland;
- 20.6% by Walkerville in Canada;
- 15.5% by Midleton in Ireland;
- 5.3% in Kentucky in the United States;
- 3.7% by Resende in Brazil.

In 2007/2008, total production (bottled or sold in bulk) reached 1,166 million liters. Its geographical breakdown was as follows:

- France: 10%;
- Europe excluding France: 42%;
- North and South America: 26%;
- Asia and Rest of the World: 22%.

(1) Source: IWSR 2007.

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

Countries	Number of industrial sites at 30 June 2008	Main sites	Main activities	Distilling	Vinification	Vatting and bottling	Ageing
France	12	Cognac	cognac			x	
		Rouillac	cognac	x	x	x	x
		Chanteloup	cognac				x
		Gallienne	cognac	x	x		x
		Bessan	aniseed products			x	
		Lormont	aniseed products			x	
		Vendeville	aniseed products			x	
		Cubzac	sparkling wines			x	
		Thuir	wine-based aperitifs			x	
		Marseille	aniseed products			x	
		Reims	champagne		x	x	x
		Épernay	champagne		x	x	x
Scotland	23	Balgray	whisky				x
		Dalmuir	whisky				x
		Dumbuck	whisky				x
		Newbridge	whisky			x	
		Paisley	whisky			x	
		Strathclyde	whisky	x			
		Kilmalid	whisky			x	
		Keith Bond	whisky				x
		Mulben	whisky				x
		Miltonduff	whisky	x			
		Glenlivet	whisky	x			
England	1	Kennington	gin	x			x
Ireland	2	Midleton	whiskey	x			
		Fox and Geese	whiskey			x	
Spain	16	Manzanares	rum, liqueurs			x	
		Ambrosio	wines, liqueurs		x	x	
		Ruavieja	distilled spirits/spirits			x	
		Age	wines		x	x	
		Arienzo	wines		x	x	
		Logrono	wines		x	x	
Italy	1	Canelli	sparkling (wines, bitters)			x	
Portugal	1	Bombarral	scotch whisky			x	
Greece	1	Mithylène	ouzo			x	
Poland	2	Poznan	vodka			x	
Czech Republic	2	Karlovy Vary	bitters				x
		Bohatice	bitters			x	
Georgia	1	Telavi	wines		x	x	

Countries	Number of industrial sites at 30 June 2008	Main sites	Main activities	Distilling	Vinification	Vatting and bottling	Ageing
Armenia	4	Yerevan	brandy			x	x
		Armavir	brandy	x	x		x
		Aygavan	brandy	x	x		x
USA	3	Fort Smith	spirits, liqueurs			x	
		Lawrenceburg (Ky)	bourbon	x			x
		Napa	sparkling wines		x	x	
Canada	2	Walkerville	spirits, liqueurs	x		x	x
		Corby	spirits, liqueurs			x	
Mexico	4	Los Reyes	brandy, coolers, liqueurs			x	x
		Arandas	tequila	x		x	x
		Ensenada	wines		x		
		Sonora	brandy	x	x		
Brazil	3	Suape	distilled spirits/spirits			x	
		Resende	distilled spirits/spirits	x		x	x
		Livramento	wines		x	x	
Argentina	5	Bella Vista	distilled spirits/spirits			x	
		Cafayate	wines		x	x	
		San Juan	wines		x	x	
Cuba	1	San José	rum	x		x	x
Australia	6	Rowland Flat	wines		x	x	
		Richmond Grove	wines		x		
		Wickham Hill	wines		x		
New Zealand	5	Brancott	wines		x		
		Corbans	wines		x		
		Tamaki	wines			x	
India	6	Daurala	whisky			x	
		Nashik	distilled spirits/spirits	x		x	
		Rocky Punjab	wines			x	
South Korea	1	Echon	whisky			x	
TOTAL	**102**						

NB: the 2006/2007 report referred to 104 sites, including those of Lawrenceburg (Indiana, USA) and Framingham (New Zealand) sold in 2007/2008.

Investments

The development of Pernod Ricard's strategic brands is bolstered by a solid investment policy.

For 2007/2008, the Group's industrial investments totalled €227 million, corresponding to 3.4% of consolidated sales.

The main investments during the period included:

- Martell (France): construction of 4 new cognac ageing warehouses on the Chanteloup site;
- Mumm Perrier-Jouët (France): increase of the champagne vinification capacities in Reims and Épernay;
- Irish Distillers (Ireland): construction of 3 new whisky ageing warehouses in Midleton;
- Chivas (Scotland): construction of 5 new whisky ageing warehouses on the Willowyard site;
- Walkerville (Canada): improvement of the productivity of the production facility, primarily in terms of distilling;
- Orlando Wines (Australia): improvement of the wine bottling facility;
- Domecq Bodegas (Spain): construction of a new wine maturing facility in Age.

Pernod Ricard is expected to invest in 2008/2009 in the same operations and maintain a significant level of investment. The main upcoming projects on the agenda in terms of industrial installations include continuing to raise the distilling and storage capacities of cognac (Martell), whisky (Chivas), Irish whiskey (Irish Distillers), and bourbon (Wild Turkey); extending the capacities of wineries in Spain and New Zealand and bottling plants in Ireland and Australia, as well as relocating the production of Jan Becher in the Czech Republic.

Environmental management

The Group's environmental footprint and challenges

Pernod Ricard has always been extremely concerned about reducing the environmental footprint of its business operations. The Group has developed and implemented numerous measures to contain the risk of pollution resulting from fire or explosion on its alcohol storage sites.

Pernod Ricard also implements control plans to contain the risks of accidental spillage, water and ground pollution, risks linked to liquid discharges, organic wastes or solid wastes from operations.

It also tracks emissions of greenhouse gases (especially CO_2 emissions) and other potentially polluting atmospheric gases, especially in distilleries which use fossil-fuels.

Lastly, the combined risk of climate change, the depletion of natural resources and damage to the ecosystem has for several years now been a major environmental challenge for the planet. That is why Pernod Ricard gives top priority to this issue.

The environmental risk control policy implemented by the Group's subsidiaries is centred on the key points below:

- promote sustainable farming;
- save water resources;
- reduce energy consumption;
- reduce the quantity of wastes and effluents and their impact on the environment.

Pernod Ricard has chosen the ISO 14001 international standard to set up, update and assess the Group's Environmental Management System. On 30 June 2008, 70% of the Group's production sites (which account for 86% of the Group's total production) were certified ISO 14001. With the ISO 9001 (Quality) and OSHAS 18001 (Safety) standards, the Corporate Environmental Management System is a key pillar in the Group's triple certification strategy defined for the production facilities.

The roll-out of Pernod Ricard's environmental policy is coordinated by the Group's Quality-Safety-Environment Division, which provides assistance and a variety of tools to subsidiaries:

- good practice guides on environmental risk management;
- seminars and training initiatives organised at the Group's Training Centre or in subsidiaries;
- an intranet open to all subsidiaries, and dedicated to the dissemination of the Group's best practices and standards;
- a cross-audit programme: all production sites are audited on a regular basis for the purpose of assessing their compliance level with the Group's Quality, Safety and Environmental standards, and identifying areas for improvement;
- a Quality-Safety-Environment conference is organised every year for all subsidiaries: the conference provides a forum for discussing and moving forward on Environmental Management in the Group and disseminating best practices.

Actions to promote sustainable farming

Pernod Ricard is a major agricultural partner, as all the Group's products are manufactured with farm raw materials. Direct purchases of agricultural products represented 803,800 tons in 2007/2008, mostly in the form of grapes (374,900 tons) and grain for distillation (408,200 tons). These volumes do not include indirect purchases of agricultural products in the form of alcohol (cane, beetroot, grapes and grains), wine or sugar. In addition, the Group uses many other products, such as agave, sloe, gentian, liquorice, juniper or even star anise.

Pernod Ricard is committed to promoting sustainable farming, using natural resources responsibly, respecting the environment, and is concerned about preserving water and soil quality, biodiversity and human health.

To do so, the Group encourages local initiatives worldwide: sustainable agriculture, integrated pest and disease management, controlled fertiliser use, water management, protection of fauna and flora and restoration of biodiversity. All the concerned subsidiaries are involved in these action areas.

The most significant results obtained over the period include:

- **Pesticides**

In New Zealand, all vineyards received the Sustainable Wine Growing New Zealand (SWNZ) accreditation. This accreditation looks at the application of initiatives that lead to the continuous improvement of environmental practices. Since it was launched in 1995, the SWNZ programme has helped to reduce the use of pesticides by 45%.

In Cognac, France, Martell has generalised, in all its vineyards, practices aimed at reducing the impact of pesticides on the natural habitat. It has improved its spraying equipment, application of reasonable doses, grass planting between rows, biological treatment facility for phytosanitary wastes.

- **Irrigation**

Pernod Ricard Pacific has continued to develop the use of drip-irrigation and protection of the ground against evaporation. These practices have been adopted on the vineyards of winegrowers under contract and have helped to save 2 million litres of water per hectare.

In Australia, the action plan focuses on recycling waste water to irrigate vineyards. Pernod Ricard Australia is an active member of EnviroWine Australia, whose goals include the development of environmental management practices in vineyards and wineries.

- **Biodiversity**

Pernod Ricard organises biotope and native flora restoration programmes in the sectors of Jacob's Creek (Australia), Waipara and Marlborough (New Zealand), has promoted the natural reintroduction of the indigenous fauna. Some sites are located in zones where the rich diversity of the fauna and flora requires special precautions in environmental protection. This is especially the case of the Glenlivet distillery, located within the Cairngorm National Park or the Glenallachie distillery, located near an affluent of the Spey River, which has a protected riverbed. Within these distilleries, particular attention is paid to managing their environmental impact and any potential risk for these preserved areas.

- **Best practices**

A Best Practices Guide for vineyard management has been published for all Pernod Ricard subsidiaries: the Guide contains the sum of the experience acquired in all the Group's vineyards, and lists all the techniques recommended for the sustainable management of vineyards.

Initiatives for saving water resources

Water is an essential element in the composition of the products manufactured by Pernod Ricard. It is used in all stages of the manufacturing process, from irrigation to the cleaning of equipment and machinery, through distilling, cooling and blending. The Group focuses on reducing the quantity of water used to prepare each litre of finished product and therefore constantly seeks the most efficient way of improving water resource management. The ways implemented are:

- a more efficient use of water;
- the recycling of waste water;
- elimination of water wastage.

The initiatives implemented in 2007/2008 to save water resources included in particular:

- in Argentina, the subsidiary launched a water management programme which included the installation of flow metres in the underground wells of five plants, as well as an awareness raising programme (newsletters, seminars and videos) to promote awareness of this issue by all employees;
- in Scotland, Chivas Brothers installed a vehicle washing robot which recycles 95% of water. These measures result in the savings of more than €10,000 in a full year;
- in Australia, at Rowland Flat, the installation of a new wine transfer process and blending management system in 2007 resulted in a 20% cut in water use per litre of produced wine, leading to savings of 22 million litres of water;
- in Brazil, on the Suape site, 70% of treated effluents are used for irrigation. In Livramento, there is an on-going project to use rainwater for applications that do not require potable drinking water quality, such as for cleaning plants;
- the Greek subsidiary replaced its old bottle rinsing equipment by new rinsing machines and saved 10% on its water consumption in 2007/2008.

At Group level, the water consumption of production sites dropped from 7.6 in 2006/2007 to 6.7 million m^3 this year. This reduction is mainly due to the disposal of the distillery in Lawrenceburg Indiana, which was the Group's largest consumer of water. Apart from this fact, water consumption was stable. 70% of the Group's total water consumption is related to distilling operations. In 2007/2008, the reliability of data collected on water use has been improved with, mainly the installation of flow metres.

Initiatives to reduce energy consumption

Distilling is Pernod Ricard's highest direct consumer of energy. Product maturing, blending, and bottling require relatively little energy. Reducing the Group's energy consumption entails controlling the energy efficiency of industrial processes: the development of operations and the management of the related investments are ideal opportunities for optimising processes and selecting the best techniques for reducing the quantity of energy used to produce each unit.

To that end, numerous initiatives were launched in 2007/2008 in the Group's subsidiaries:

- the Lawrenceburg, Kentucky (USA) distillery: the old coal and gas boilers are being replaced by two new hybrid boilers that operate with wood, a totally renewable energy generated from waste (pallets);
- the Walkerville (Canada) plant: the distillery implemented an optimisation programme based on increasing fermentation efficiency through an enhanced cooking of grains and improved boilers. Within five years, the quantity of steam used per litre of alcohol dropped from 10 to 6.5 kg, representing an improvement of 35%. In addition, the buildings are now heated by hot water from the distillery, and buildings are fully lit by low energy bulbs;

- Midleton distillery (Ireland): a three-year programme is currently underway to make the distillery more energy efficient. The combustion control system on two boilers was changed in 2006 and 2007, and a third one is slated for 2008. The evaporators and dryers were also improved;
- Strathclyde (Scotland) distillery: a programme comparable to the previous one was launched. It resulted in the significant reduction of the quantity of energy used per litre of distilled alcohol over the last campaign;
- many other similar initiatives were undertaken at the Group's different sites. Examples include the 16% drop in the electricity used per litre of wine stored in the Rowland Flat (Australia) cellar, the installation of a high-performance boiler in Corby (Canada), the replacement of electric lights in the Casa Pedro Domecq (Mexico) cellars by natural light, and again, the choice by Pernod Ricard New Zealand to buy its electricity from the only electricity provider certified carbon neutral. At the Group's headquarters, participation in the European Energy Trophy Challenge helped to raise the awareness of employees.

The total energy consumption of the production sites went from 2,049 GWh in 2006/2007 to 1,550 GWh in 2007/2008. This consumption was mainly due to the distilleries. They improved their energy efficiency by an average of 6.9%, compared to the previous year. Over the last five years, the average improvement in Pernod Ricard's energy performance (total energy consumption per litre of finished product) stood at approximately +3% per year. The Group's objective is to reduce its energy consumption per unit produced by 10% over the next three years.

The disposal of the Lawrenceburg Indiana distillery also changed the energy mix used: coal now represents a mere 5% compared to 27% the previous year, with gas being the primary item with 61% of total consumption.

Initiatives to minimise the impact of waste and effluents

The main waste generated by Pernod Ricard's operations are:

- the organic waste from the conversion of farm raw materials: grape marc, sediment, distilling vinasse, etc.;
- waste waters;
- packaging materials: glass, boxes, plastics, etc.

Pernod Ricard's strategy to reduce its environmental footprint in this area includes:

- recycling the organic by-products through different channels: compost, animal feed, energy production, etc.;
- ensuring efficient treatment of waste water to avoid damage to the environment;
- reducing waste production from packaging and ensuring that those wastes are recyclable.

In 2007/2008, the initiatives below contributed to the implementation of this strategy:

- Mexico now recycles organic by-products from the production of coffee in Los Reyes during the production of Kahlúa into animal feed and the agave fibres are used to produce organic fertiliser;
- in Ireland, the cellulose filters of the Fox and Geese plant, previously dumped in a landfill, are now disposed of in a compost, thereby reducing waste by 44 tons;
- in the wineries of Cafayatte and Graffigna (Argentina), in those of Richmond Grove and Rowland Flat (Australia), in the Walkerville (Canada) distillery, huge investments have been made to reduce the organic content of waste water;
- all the Group's bottling sites have made progress in the recycling of factory waste: it is now as high as 90% at Ricard. At Orlando Wines, the quantity of waste put into land-fill sites has been reduced ten-fold, thanks to recycling;
- collection and waste sorting are encouraged at many administrative sites; waste sorting allows the recycling of paper as well as other materials like cardboard, metal and plastic;
- in Spain, at Manzanares, a unique water treatment system comprised of filtering gardens has been installed.

Reducing waste at source: ecodesign

Launched in 2006, the Group's initiative in ecodesign continues. In addition to seeking to reduce the waste generated during manufacturing, Pernod Ricard also seeks to reduce the packaging that will be discarded by the consumer.

Ecodesign is based on the principle of reducing packaging quantity from the product design stage, and using recyclable and environmentally-safe materials which still meet with consumer satisfaction. Pernod Ricard continues to educate its product development and marketing teams about these principles, especially through seminars and the publication and distribution of a special guidebook.

The implementation of the ecodesign approach is reflected for example in initiatives to reduce the weight of glass used by Chivas, and Irish Distillers. Other subsidiaries also focus on secondary packaging and try to optimise such products (promotional gift sets, etc.).

A total of 32,200 tons of solid waste is generated by production operations (glass, cardboard, plastics, etc.), down by 20% compared to the 2006/2007 period. Furthermore, the recycling rate has risen from 75 to 77%. Another positive change was the observed decline in the volume of organic waste, down by 3.8%, and the current recycling rate of 98%. Lastly, the volume of waste water generated fell by 13%, and the proportion rejected for external purification fell from 56% to 51%; thanks to initiatives implemented to treat waste water onsite.

DISCHARGE AND WASTE

	2006/2007	2007/2008
Solid wastes		
Volume (T)	40,652	32,200
% recycled	75%	77%
Organic wastes		
Volume (T)	673,697	648,277
% recycled	97%	98%
Waste water		
Volume (m^3)	5,831,760	5,063,494
% rejected for external purification	56%	51%

Initiatives designed to counter climate change

In order to implement an efficient anti-climate change policy, Pernod Ricard must first recognise the impact of its operations on greenhouse gas emissions. In 2007/2008, the Group conducted a study aimed at measuring the impact of two production and sales sectors representative of its activities: Jacob's Creek Chardonnay wine, produced in Australia and sold in the UK and Chivas Regal whisky, produced in Scotland and sold in China. The study was based on the Bilan Carbone® (carbon footprint) method developed in France by the French Environment and Energy Control Agency (ADEME). The model consists in calculating all the greenhouse gas emissions in the lifecycle of a given product, from the production of the farm raw materials, through to the product's distribution to the consumer, and the recycling of the packaging waste.

The assessment focused on all emissions of carbon dioxide and other greenhouse gases, whether directly produced during the production and distribution operations, or those generated by the Group's suppliers during the manufacture of purchased products, such as packaging.

In the wine sector, the emissions linked to direct energy consumption on the Group's production sites account for 10% of all emitted gases. The outstanding 90% correspond to the operations of suppliers and external contractors. The latter 90% essentially comprises emissions from the manufacture of glass bottles, which represent up to 45% of the total, followed by transportation between the bottling site and the client, which make up for 28% of emissions. The agricultural production of grapes accounts for 9% of the total figure.

In the case of whisky, the emissions linked to energy consumption on production sites totalled 41% mainly due to distilling operations (33%) and the treatment of its by-products (4%). The next figure related to emissions generated by purchased packaging materials (35%, including 24% for glass bottles alone), the agricultural production of grains representing 9%.

This study confirms the relevance of Pernod Ricard's key priorities in environmental issues. Fighting against climate change begins by curbing the amounts of packaging, reducing direct energy consumption and promoting farming methods that do not deplete natural resources. In 2008, Pernod Ricard intends to continue its studies in this area by expanding their scope to other Group products and entities.

Since 2004/2005 Pernod Ricard has been monitoring the contribution of its production sites to atmospheric carbon emissions from the quantities of energies directly produced by combustion. In 2007/2008, these CO^2 emissions totalled 300,000 tons down by 163,000 tons. This decline is proportional to the reduction in energy consumption discussed earlier on, which is partly due to the disposal of the Lawrenceburg distillery but above all to the success of the initiatives to improve energy efficiency in distilleries.

The Group also monitors fluorinated refrigerant gases which are harmful to the ozone layer (fluorinated gases). The total volume of fluorinated gas released into the atmosphere stood at 2,297 kg in 2007/2008, i.e. equivalent to 2006/2007. Moreover, the portion of ozone-friendly fluorinated gases (HFC) has risen from 20% to 24%.

EMISSIONS LINKED TO COMBUSTION

Subject	Definition	Measuring unit	Totals for Pernod Ricard 2007/2008	2006/2007	2005/2006	2004/2005	Measuring unit	Ratio for 1,000 litres of finished products 2007/2008	2006/2007	2005/2006	2004/2005
Production volume	**Total production**	**kL**	**1,166,177**	**1,185,449**	**1,145,225**	**1,149,053**	**-**	**-**	**-**	**-**	**-**
Water	**Volume used**	**m^3**	**6,710,552**	**7,605,066**	**7,182,064**	**7,996,403**	**m^3/kL**	**5.75**	**6.42**	**6.27**	**6.96**
Energy	Electricity consumption	MWh	218,929	246,290	237,968	237,043	MWh/kL	0.19	0.21	0.21	0.21
	Natural and other gas consumption	MWh	936,179	905,076	958,149	1,167,359	MWh/kL	0.80	0.76	0.83	1.02
	Fuel consumption	MWh	281,241	316,737	317,591	304,657	MWh/kL	0.24	0.27	0.28	0.26
	Coal consumption	MWh	82,375	554,715	497,577	477,365	MWh/kL	0.07	0.47	0.43	0.42
	Indirect energy purchases	MWh	31,518	26,449	18,253	239,683	MWh/kL	0.03	0.02	0.02	0.21
	Total energy consumed	MWh	1,550,242	2,049,267	2,029,538	2,426,107	MWh/kL	1.33	1.73	1.77	2.11
CO_2 emissions	**Emissions linked to combustion (scope 1)**	**Eq. tons CO_2**	**300,013**	**463,310**	**455,222**	**488,010**	**Eq. tons CO_2/kL**	**0.26**	**0.39**	**0.4**	**0.42**
Fluorinated refrigerant gases	Quantity of fluorinated gases installed	kg	20,249	20,480	14,394	-	-	-	-	-	-
	Quantity of fluorinated gases released into the atmosphere	kg	2,297	2,330	nd	-	-	-	-	-	-
	% of ozone-friendly fluorinated gases (HFC) within the total for fluorinated gases	%	23.7%	19.9%	23.6%	-	-	-	-	-	-
Waste water	**Volume treated prior to release into the environment**	**m^3**	**2,504,287**	**2,543,706**	**1,926,045**	**1,348,123**	**m^3/kL**	**2.15**	**2.15**	**1.68**	**1.17**
	Volume rejected for purification	**m^3**	**2,559,207**	**3,288,054**	**3,534,152**	**3,768,395**	**m^3/kL**	**2.19**	**2.77**	**3.09**	**3.28**
	Total waste water	**m^3**	**5,063,494**	**5,831,760**	**5,460,197**	**5,116,518**	**m^3/kL**	**4.34**	**4.92**	**4.77**	**4.45**
Organic waste	Quantity of organic waste reused or recycled	ton	636,646	655,338	617,461	478,195	tons/kL	0.55	0.55	0.54	0.42
	Quantity of organic waste dumped or treated	ton	11,631	18,359	66,015	17,255	kg/kL	9.97	15.5	58	15
	% of waste reused or recycled	%	98%	97%	90%	97%	-	-	-	-	-

Subject	Definition	Measuring unit	Totals for Pernod Ricard 2007/2008	2006/2007	2005/2006	2004/2005	Measuring unit	Ratio for 1,000 litres of finished products 2007/2008	2006/2007	2005/2006	2004/2005
Solid waste	**Quantity of solid waste (glass, cardboard, etc.) reused or recycled**	**ton**	**24,802**	**30,455**	**27,552**	**38,208**	**kg/kL**	**21.27**	**26**	**24**	**33**
	Quantity of solid waste dumped or treated	**ton**	**7,400**	**10,197**	**8,646**	**6,214**	**kg/kL**	**6.35**	**8.6**	**7.5**	**5**
	% of waste reused or recycled	**%**	**77%**	**75%**	**76%**	**86%**	**-**	**-**	**-**	**-**	**-**
Hazardous waste	Quantity of hazardous waste treated externally	kg	349,830	432,230	363,490	199,538	kg/kL	0.30	0.37	0.32	0.17
Dismantling waste	**Quantity of asbestos waste treated externally**	**ton**	**265**	**205**	**336**	**168**	**-**	**-**	**-**	**-**	**-**
ISO 14001 Certification	Percentage of ISO 14001 certified sites	%	71%	59%	44%	37%	-	-	-	-	-
Investments	Amount of investment for environmental protection	euro million	5.60	9.25	13.04	-	-	-	-	-	-
Compliance of activities	**Fines or non-financial penalties due to non-compliance with current environmental legislation**	**Number of fines and penalties**	**0**	**0**	**0**	**0**	**-**	**-**	**-**	**-**	**-**

Among these investments, a total of 5.6 million euros was dedicated to reducing the environmental impact of these operations. This figure is lower compared to last year, as large investments have already been made in this area in previous years. It does not comprise the number of investments that have an indirect benefit on the protection of the environment, but whose primary aim is to increase capacity or productivity.

Research and Development

The Group is equipped with a specialised R&D structure known as the Pernod Ricard Research Centre (CRPR).

The CRPR has three main missions:

- it participates in brand protection by ensuring the quality and continuity of the organoleptic profiles of strategic brands;
- it encourages the sharing of scientific and technical knowledge through various events, publications, training programmes and communications;
- it proposes, facilitates and participates in various R&D projects based on key strategic issues for brand development. Three major strategic vectors have been defined for 2007/2008:
  - expertise and control of the organoleptic profiles of our products, such as for example, the characterisation of oak wood, understanding the formation of the key aromas of Sauvignon Blanc or modelling the distilling process,
  - support for product innovation: a number of projects by subsidiaries rely on CRPR's expertise in various areas such as formulation or manufacturing processes,
  - understanding product/consumer interactions.

2

CORPORATE GOVERNANCE AND INTERNAL CONTROL

Report of the Chairman & CEO on the conditions governing the preparation and organisation of the work performed by the Board of Directors and on internal control procedures implemented in application of the French Financial Security Act in the context of the preparation of the consolidated financial statements of Pernod Ricard for the 2007/2008 financial year

Pursuant to Article L. 225-37 of the French Commercial Code and the recommendations issued by the French Financial Markets Authority, this report describes, in the context of the preparation of the financial statements for the 2007/2008 financial year, the conditions governing the preparation and organisation of the work performed by the Board of Directors, the powers entrusted to the Managing Directors by the Board of Directors, the principles and rules used to determine the remuneration and benefits of any kind granted to the Directors, and the internal control procedures implemented by Pernod Ricard.

Firstly, we inform you that, per article L. 225-100-3 of the French Commercial Code, the items that may have an impact in the event of a public offer are detailed in the section "Information on the Company and its share capital", under paragraph "Items that may have an impact in the event of a public offer".

This report was submitted to the Board of Directors' meeting on 17 September 2008.

Board of Directors, Management Bodies and General Management

Membership of the Board of Directors

The table below describes the membership of the Board of Directors of the Company on the date of registration of this reference document.

Member'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 30.06.2008	Offices held outside the Group that have expired during the last 5 years
Chairman and CEO				
Mr Patrick Ricard	15.06.1978[2]	2007/2008	– Director of Société Générale – Member and Vice President of the Supervisory Board of Paul Ricard (unlisted Company, Shareholder in Pernod Ricard SA) – Director of the Association Nationale des Industries Alimentaires	– Chairman of the Fédération des Exportateurs de Vins & Spiritueux – Director of Paul Ricard et Fils – Director of Provimi SA – Director of Altadis (Spain)
Managing Director				
Mr Pierre Pringuet	17.05.2004	2007/2008	Director of Iliad	None
Non-Executive Directors				
Mr Richard Burrows	02.05.2000	2007/2008	– Governor of Bank of Ireland Group Plc (Ireland) – Director of Development Consultants International Ltd (Ireland) – Director of Cityjet – "Non Executive Board Member" de Mey Icki – Director of Step Green Ltd – Director of Rentokil Initial Plc	– Director of Enterprise Trust – Director of Irish Management Institute – Director of Cork University Foundation – Director of Development Consultants International Ltd – Deputy Governor of Bank of Ireland Group Plc – President of National Development Corporation
Mr François Gérard	10.12.1974	2009/2010	None	– Director of Strike International (Morocco)
Mr Rafaël Gonzalez-Gallarza	05.05.1998	2007/2008	– Chairman of the Board of Directors of Prensa Malagueña SA (Spain)	– Director of Endesa
Ms Françoise Hémard	09.06.1983	2007/2008	None	None
Ms Danièle Ricard	16.06.1969	2008/2009	– Chairman of the Management Board of Paul Ricard SA – Manager of SNC Le Garlaban – Chairman of the Board of Directors of Bendor SA – Chairman of the Board of Directors of Les Embiez SA	– Vice President and Managing Director of Paul Ricard et Fils – Manager of Presqu'île de Cassis – Chairman and CEO of the Société d'Aménagement des Hôtels de Bendor et des Embiez
Paul Ricard SA represented by Ms Béatrice Baudinet	09.06.1983	2008/2009	– Chairman of the Supervisory Board of Société Paul Ricard SA	None

Member'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 30.06.2008	Offices held outside the Group that have expired during the last 5 years
Independent Directors				
Mr Jean-Dominique Comolli	06.05.1997	2008/2009	– Chairman of the Board of Directors of Seita – Chairman of the Board of Directors of Altadis (Spain) – Director of Logista (Spain) – Chairman of the Supervisory Board of the Régie des Tabacs (Morocco) – Director of the Établissement Public de l'Opéra Comique – Director of Calyon Bank	– Co-Chairman of Altadis (Spain) – Director of Aldeasa (Spain)
Lord Douro	07.05.2003	2008/2009	– Chairman of Richemont Holdings (UK) Ltd (United Kingdom) – Director of Compagnie Financière Richemont AG (Switzerland) – Director of Global Asset Management Worldwide (United Kingdom) – Director of Sanofi-Aventis – Advisor to Calyon Bank (United Kingdom) – Chairman of King's College London (United Kingdom)	– Chairman of Framlington Group (United Kingdom) – Commissioner of English Heritage
Ms Nicole Bouton	07.11.2007	2010/2011	– Chairman of the Financière Centuria Group (GFC) – Chairman of Financière Accréditée (subsidiary of GFC) – Chairman of Centuria Luxembourg (subsidiary of GFC)	None
Mr Didier Pineau-Valencienne	07.05.2003	2008/2009	– Honorary Chairman of Schneider Electric SA and Square D – Member of the Supervisory Board of Lagardère SA – Member of the Audit Committee of Lagardère SA – Director of Fleury Michon SA – Director of BIPE Association – Director of Swiss Helvetia Fund (USA) – Member of the Advisory Board of Booz Allen & Hamilton – Chairman of the International Consultative Committee of the Audencia School of Management Nantes (formerly ESC Nantes Atlantique) – Chairman of the Investment Committee of Sagard – Lecturer at HEC – Advisor of the Centre d'enseignement supérieur de la Marine – Member of the Board of Overseers of Tuck School of Business Administration – Dartmouth College (USA) – Member of Trustees of the American University of Paris	– Member of the Supervisory Board of Aventis – Director of AON – Director of Vivarte – Director of INSEAD – Director of the Fondation de France – Director of Wendel Investissement SA – Director of AFEP – Director of AXA – Member of Trustees of IASC (USA) – Director of Axa Financial (USA) – Senior Advisor to Crédit Suisse First Boston (United Kingdom)

Member'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 30.06.2008	Offices held outside the Group that have expired during the last 5 years
Mr Gérard Théry	04.05.1999	2008/2009	– Director of ERAP – Manager of GTA	– Chairman of the Génération Numérique unit trust – Chairman of the Board of Directors of the Fondation Mécénat Musical (Société Générale) – Chairman of the Association Albert Costa de Beauregard – Chairman of Société de Véhicules Électriques (SVE), in the Marcel Dassault Group – Chairman of the Norbert Segard foundation – Director of TM4 (Canada) – Director of PVI
Mr William H. Webb	07.05.2003	2008/2009	– Director of Elie Wiesel Foundation for Humanity – Member of the Advisory Council of the American Australian Association – Director of Macquarie Infrastructure Company (USA – listed on the New York Stock Exchange) – Director of the International Tennis Hall of Fame	– Director of the Foreign Policy Association

(1) The term of office expires at the close of the Annual Shareholders Meeting approving the financial statements for the financial year mentioned.
(2) Date of appointment as Chairman and Chief Executive Officer.

Other offices held in the Group at 30 June 2008

Mr Patrick Ricard Chairman and CEO	French companies	Director	– Martell & Co SA – Pernod Ricard Finance SA
		Permanent representative of Pernod Ricard SA on the Board of Directors	– JFA SA – Pernod SA – Pernod Ricard Europe SA – Établissements Vinicoles Champenois SA – Ricard SA
		Member of the Management Board	– Pernod Ricard Asia SAS – Pernod Ricard North America SAS
	Non-French companies	Chairman	– Comrie Ltd
		Director	– Chivas Brothers Pernod Ricard Ltd – Irish Distillers Group Ltd – Havana Club Holding SA – Pernod Ricard Acquisition II Corp – Suntory Allied Limited

Mr Pierre Pringuet Managing Director and Member of the Board of Directors	French companies	Chairman of the Board of Directors	– Pernod Ricard Finance SA
		Chairman	– Lina 5 SAS – Lina 6 SAS – Lina 7 SAS – Lina 8 SAS
		Director	– Pernod Ricard Europe SA – Pernod SA – Ricard SA – Martell & Co SA – G.H. Mumm & Cie SA – Champagne Perrier-Jouët
		Permanent representative of Pernod Ricard SA on the Board of Directors	– Compagnie Financière des Produits Orangina SA (CFPO)
		Member of the Management Board	– Pernod Ricard Asia SAS – Pernod Ricard North America SAS
	Non-French companies	Director	– Comrie Ltd – Irish Distillers Group Ltd – Portugal Venture Limited – Pernod Ricard Pacific Holding Pty Ltd – Chivas Brothers Pernod Ricard Ltd – Suntory Allied Limited – Havana Club Holding SA
		Manager	– Havana Club Know-How
Mr Richard Burrows Director	Non-French companies	Director	– Chivas Brothers (Holdings) Ltd
Mr François Gérard Director	French companies	Director	– Pernod SA – Martell & Co SA – G.H. Mumm & Cie SA – Champagne Perrier-Jouët

Comments on the membership of the Board of Directors

Chairmanship of the Board of Directors

The Company's bylaws provide that the Chairman of the Board of Directors shall assume responsibility for the Company's General Management. According to Article 24 of the bylaws, at its meeting of 31 May 2002, the Board of Directors decided not to separate the duties of Chairman of the Board from those of Chief Executive Officer, considering that the existing single-person structure was best adapted to current circumstances.

Pursuant to Article 24 of the bylaws, the Board of Directors, on the proposal of the Chairman & Chief Executive Officer, may appoint up to five people to assist the Chairman & Chief Executive Officer and who will have the title of Managing Director. On the date of registration of this reference document, Mr Pierre Pringuet, who is also a Director, performs the duties of Managing Director.

To adapt governance of the Group and to allow natural and operational transition in the Company's Senior Management, the Board of Directors will be reaching a decision on dissociating the functions of the Chairman of the Board and the CEO during its meeting to be held at the end of the Shareholders Meeting of 5 November 2008. Mr Patrick Ricard would therefore be appointed Chairman of the Board and Mr Pierre Pringuet CEO.

Members of the Board of Directors

The Board of Directors is composed of 14 Directors, 6 of which are considered to be Independent Directors as defined by the criteria set out in the Consolidated Report on Corporate Governance, AFEP-MEDEF of October 2003, namely: "a Director is independent when he/she does not maintain any relationship of any kind with the company or group or its management, which may compromise the exercise of his/her independent judgment". The following Directors are therefore independent: Ms Nicole Bouton, Mr Jean-Dominique Comolli, Mr Gérard Théry, Mr Didier Pineau-Valencienne, Mr William H. Webb and Lord Douro. In accordance with the decision of the Extraordinary Shareholders' Meeting of 17 May 2004, the duration of the Directors' term of office was reduced from 6 to 4 years. At this meeting, it is proposed to appoint two new directors, including one as an Independent Director. These 2 appointments would replace the 2 non independent directors whose term of office are set to expire and who have not requested that they be renewed. Therefore, following these appointments, the number of independent directors on the Board would increase from 6 to 7, i.e. half the Board members.

There is no employee-elected Director.

Information as of 30 June 2008

Mr Patrick Ricard

63 years old, French citizen.
Business address: Pernod Ricard – 12, place des États-Unis – 75116 Paris.

Mr Patrick Ricard held 1,519,016 Pernod Ricard shares at 30 June 2008.

It was in 1967 that Mr Patrick Ricard joined the Ricard company, founded by his father Paul in 1932. He held successive positions in the company's main departments, becoming Managing Director in 1972. With the creation of Pernod Ricard 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. The strategy proved a resounding success, sales outside France now accounting for 90% of turnover as against 17% when the Group was formed. Despite such exceptional growth, the Group's guiding operational principle – decentralisation – has remained unchanged. Maintaining this management style throughout its acquisitions has helped new employees integrate quickly and empowered managers. Since its formation, Pernod Ricard 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. He was born in 1945.

In addition to the offices described above, Mr Patrick Ricard was also Chairman of the Club d'Observation Sociale de l'Institut de l'Entreprise in 1987, Director of Eridania Beghin-Say and Chairman of the Fédération des Exportateurs de Vins & Spiritueux de France (FEVS) between 12 March 2002 and 24 March 2005, Director of Provimi until April 2007 and Director of Altadis until February 2008.

Mr Patrick Ricard is the son of Mr Paul Ricard, the founder of Ricard SA, and the brother of Ms Béatrice Baudinet and Ms Danièle Ricard, who are also members of the Board of Directors of Pernod Ricard.

Mr Pierre Pringuet

58 years old, French citizen.
Business address: Pernod Ricard – 12, place des États-Unis – 75116 Paris.

Mr Pierre Pringuet held 135,044 Pernod Ricard shares at 30 June 2008.

A graduate of the Ecole Polytechnique and the Ecole des Mines, Mr Pierre Pringuet started his career in the French civil service. He became an advisor to the 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 occupying the posts of Managing Director of the Société pour l'Exportation des Grandes Marques (1987-1996) and then chairman and CEO of Pernod Ricard Europe (1997 – 2000). In 2000 he joined Patrick Ricard at the corporate headquarters, together with Richard Burrows, as one of Pernod Ricard's two joint Managing Directors. Mr Pierre Pringuet led the successful acquisition of Allied Domecq in 2005, and then the integration process. In December of that year he became the Group's sole Managing Director. A board member of Pernod Ricard since 2004, Mr Pierre Pringuet also chairs the Comité Sully, which promotes the French food-processing industry and has been board member of Iliad from 25th July 2007. He holds the rank of Knight of the National Order of Merit, and of Officier du Mérite Agricole. He was born in 1950.

Mr Richard Burrows

62 years old, Irish citizen.
Business address: Bank of Ireland, Lower Baggot Street Dublin 2 – Ireland.

Mr Richard Burrows held 93,760 Pernod Ricard shares at 30 June 2008.

A graduate of Wesley College in Dublin, Mr Richard Burrows trained as a chartered accountant. He joined the Irish Distillers Group in 1971, and was appointed Managing Director of The Old Bushmills Distillery in 1972, Managing Director of Irish Distillers Group in 1976 and then Chief Executive Officer in 1978. In 1991, he became the Chairman of Irish Distillers, which had become a Pernod Ricard subsidiary in 1988. Managing Director of the Pernod Ricard Group from 2000 to 2005, he is currently a Director of Pernod Ricard, an office to which he was appointed on 17 May 2004.

In addition to the offices described above, Mr Richard Burrows was President of the Irish Business and Employers Confederation and Non-executive Director of Coras Iompair Erin and Friends First Life Insurance Co until 2000, Director of Cork University Foundation and a member of the Supervisory Board of Wilshire Financial Services Ltd. He also held the office of Chairman of the National Development Corporation.

Mr François Gérard

68 years old, French citizen.
Business address: Pernod Ricard – 12, place des États-Unis – 75116 Paris.

Mr François Gérard held 115,512 Pernod Ricard shares at 30 June 2008.

A graduate of ESSEC in 1962, with an MBA from Columbia University in 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 appointed CEO and then Chairman and CEO of Cusenier SA. 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

73 years old, Spanish citizen.
Business address: Pernod Ricard España, C/Manuel Marañon 8, 28043 Madrid (Spain).

Mr Rafaël Gonzalez-Gallarza held 1,361,632 Pernod Ricard shares at 30 June 2008.

After third-level legal studies in Madrid, he obtained 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 Secretary General, a position he subsequently held from 1980 to 1982 with the Government Presidency. From 1985 onwards, he chaired the Larios group until it was purchased by Pernod Ricard in 1997.

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

Among the various offices described above, Mr Rafaël Gonzalez-Gallarza is Chairman of the Board of Directors of Prensa Malagueña SA, which has published the Diario SUR of Malaga since 1997.

Ms Danièle Ricard

69 years old, French citizen.
Business address: Paul Ricard SA – Île des Embiez, Le Brusc, 83140 Six-Fours-les-Plages.

Ms Danièle Ricard held 180,482 Pernod Ricard shares at 30 June 2008.

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

Ms Danièle Ricard is the daughter of Mr Paul Ricard, the founder of Ricard SA, and the sister of Mr Patrick Ricard, Chairman and CEO of Pernod Ricard and Ms Béatrice Baudinet, Director.

Ms Françoise Hémard

76 years old, French citizen.
Business address: Pernod Ricard – 12, place des États-Unis – 75116 Paris.

Ms Françoise Hémard held 47,838 Pernod Ricard shares at 30 June 2008.

Ms Françoise Hémard has been a Director of Pernod Ricard continuously since her initial appointment on 9 June 1983.

Ms Françoise Hémard was married to Mr Jean Hémard (now deceased), a former Chairman of Pernod SA and Pernod Ricard. Alongside Mr Paul Ricard, Mr Jean Hémard initiated and arranged the merger between Pernod and Ricard.

Ms Béatrice Baudinet, for Paul Ricard SA

67 years old, French citizen.
Business address: Paul Ricard SA – Île des Embiez, Le Brusc, 83140 Six-Fours-les-Plages.

Ms Béatrice Baudinet held 4,661 Pernod Ricard shares at 30 June 2008.

Paul Ricard SA held 20,603,416 Pernod Ricard shares at 30 June 2008.

Following in the family tradition, Ms Béatrice Baudinet, born Ricard, chose to devote her time in particular to raising awareness about the maritime environment and its preservation through Paul Ricard SA, where she was the CEO before being appointed Chairman of the Supervisory Board. In addition, when she was the Chairman of Domaine de Barbossi, a vineyard in the Alpes-Maritimes department, she contributed to the success of the Santo Estello hotel and residential centre, which receives holidaymakers and hosts company seminars in the Provence region of France.

Ms Béatrice Baudinet is the daughter of Mr Paul Ricard, the founder of Ricard SA, and the sister of Mr Patrick Ricard, Chairman and CEO of Pernod Ricard, and of Ms Danièle Ricard, Director.

Mr Jean-Dominique Comolli

60 years old, French citizen.
Business address: Altadis SA – 143, boulevard Romain Rolland, 75685 Paris Cedex 14.

Mr Jean-Dominique Comolli held 150 Pernod Ricard shares at 30 June 2008.

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

Lord Douro

63 years old, British citizen.
Business address: Richemont Holdings (U.K.) Ltd – 15 Hill Street, London W1J 5QT (United Kingdom).

Lord Douro held 660 Pernod Ricard shares at 30 June 2008.

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

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

Ms Nicole Bouton

61 years old, French citizen.
Business address: Groupe Financière Centuria – 10, avenue de Friedland, 75008 Paris.

Ms Nicole Bouton held 200 Pernod Ricard shares at 30 June 2008.

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 Assistant Manager, Manager and finally Managing Director of Lazard Frères et Cie and Lazard Frères Gestion. In 1996, she was appointed as a member of the Executive Committee of the NSMD bank (ABN AMRO France group) and became the Vice-Chairman responsible for Institutional and Bank Clients before being appointed as a 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 moreover appointed as Chairman of the Management Board and then Vice-Chairman of the Supervisory Board of Asset Allocation Advisors and Chairman of the Banque du Phénix which she merged with the NSMD bank in October 1998. Ms Nicole Bouton left ABN AMRO in 2001 and in 2002, she founded Financière Centuria Group which she has chaired since that date; 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.

Mr Didier Pineau-Valencienne

77 years old, French citizen.
Business address: Sagard – 24, rue Jean Goujon, 75008 Paris.

Mr Didier Pineau-Valencienne held 2,804 Pernod Ricard shares at 30 June 2008.

A graduate of HEC, with a degree from Dartmouth University and an MBA from the Harvard Business School, Mr Didier Pineau-Valencienne joined the Banque Parisienne pour l'Industrie as a Member of the Management team in 1958, then became Secretary to the General Management and finally Vice-Chairman until 1967. He joined Société Carbonisation et Charbons Actifs (Ceca SA) in 1968 and became its Chairman in 1972. From 1974 to 1980, he was Director of Management Control and Strategy and Planning of Rhône-Poulenc SA, CEO of the Polymers and Petrochemicals division and member of the Executive Committee of Rhône-Poulenc. In 1981, he assumed management duties with Schneider, as Chairman and Chief Executive Officer until 1999.

Among other offices held, he was Chairman of the Association Française des Entreprises Privées (1999-2001) and Director of a number of companies, including Axa Financial Inc. (1993-2003), Wendel Investissement, Swiss Helvetia Fund, Aventis, AON and Vivarte. M. Didier Pineau-Valencienne has also been a Director of INSEAD and the Fondation de France.

His qualities as a manager and senior management executive have led to him receiving a number of distinctions. The Nouvel Economiste thus voted him Manager of the Year in 1991, while the Franco-American Chamber of Commerce voted him Man of the Year in 1993. Mr Didier Pineau-Valencienne was also elected Chairman of the Social Commission of the CNPF (now the MEDEF) in 1997.

Mr Gérard Théry

74 years old, French citizen.
Business address : GTA – 15, rue Raynouard, 75016 Paris.

Mr Gérard Théry held 540 Pernod Ricard shares at 30 June 2008.

A graduate of the École polytechnique and former student of the École nationale supérieure des Télécoms in Paris, Mr Gérard Théry was appointed CEO of the French Télécoms from 1974 to 1987. Advisor to the Société Générale CEO from 1984 to 1989, he was then appointed Director of Management of Renault from 1989 to 1992. In 1995, he was appointed as Chairman of the Cité des Sciences et de l'Industrie, a position he held until 1998. He also chaired the Conseil de la SICAV "Génération numérique" until 2004. He was also Chairman of Société de Véhicules Électriques (Marcel Dassault Group) until 11 March 2007.

In addition to the various offices described above, Mr Gérard Théry was appointed Chairman of the Fondation Mécénat Musical Société Générale and of the Association Albert Costa de Beauregard.

He is Chairman of the Fondation Norbert Segard.

Mr. William H. Webb

69 years old, Australian citizen.
Business addresses: Riverina Enterprises – One East Putman Avenue, Greenwich, Connecticut 06830 (USA) and
"Mandalay", 1 Wentworth Place, Point Piper, NSW 2027, Australia.

Mr William H. Webb held 720 Pernod Ricard shares at 30 June 2008.

A graduate of the University of Melbourne (1959) and holder of an MBA from Columbia University, Mr. William H. Webb joined Philip Morris in 1966 where he was given the responsibility for the group development in Asia and Australia. Appointed Vice President of Philip Morris Asia/Pacific Inc. in 1974, then Vice President of Philip Morris International in 1975, he became President of Benson & Hedges (Canada) Inc. in 1978.

In 1984, he was appointed Chief Executive Officer for the Australia/New Zealand region before being appointed in 1987 as Executive Vice-President of Philip Morris International in New York. In 1990, he moved to Hong Kong to be President of Philip Morris Asia/Pacific. In 1993, he was appointed President and CEO of Philip Morris International and in 1997, he assumed the position of Chief Operating Officer of Philip Morris Companies Inc. until 2001. He was then appointed Vice-Chairman of the Board of Philip Morris Companies Inc. until he retired in August 2002.

A previous Director of Kraft Foods Inc. (March 2001 to August 2002), he is a member of a number of Board of Directors, as described in the Membership of the Board of Directors table.

Renewal of three terms of office of Directors and appointment of two new Directors

Five terms of office of Directors end at the next Ordinary Shareholders' Meeting.

Ms Françoise Hémard and Mr Richard Burrows have decided not to solicit the renewal of their term of office.

Following the advice of the Appointments Committee, the Board of Directors has decided to propose the following to the Ordinary Shareholders' Meeting of 5 November 2008:

- the renewal for a term of four years of the Directorship of Mr Patrick Ricard, Mr Pierre Pringuet and Mr Rafaël Gonzalez-Gallarza;
- the appointment as Director of Mr Wolfgang Colberg and Mr César Giron, for a term of four years.

Mr César Giron

46 years old, French citizen.
Business address: Wyborowa, 53, E Plater - Warsaw - Poland

Mr César Giron holds 2,850 Pernod Ricard shares.

A graduate of the Lyons École Supérieure de Commerce, 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 and, since December 2003, Mr César Giron has been Chairman & CEO of Wyborowa SA in Poland.

Mr Cesar Giron is a member of the Management Board of Paul Ricard SA.

Mr César Giron is the son of Ms Danièle Ricard, also a Director of Pernod Ricard.

Mr Wolfgang Colberg

49 years old, German citizen.

Business address: BSH Bosch und Siemens Hausgeräte GmbH – Carl-Wery-Str. 34 – D-81739 Munich – Germany

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, Controlling 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 Controlling (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).

Since 2001, Mr Wolfgang Colberg has been Chief Financial Officer at BSH Bosch und Siemens Hausgeräte GmbH and a member of the Board of Management.

Other offices held:

- Roto Frank AG, Stuttgart, Member of the Supervisory Board;
- Deutsche Bank AG, Member of the Regional Board.

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

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

- no conviction of any offence has been issued against the members of the Company's Board of Directors or any of the Managing Directors during the course of the last five years;
- none of the members of the Board of Directors and neither the Managing Directors has been associated, over the last five years, with any bankruptcy, compulsory administration or liquidation as a member of any body responsible for corporate governance, Supervisory Board or Board of Directors or as a Managing Director;
- no conviction and/or official public sanction has been issued against the members of the Company's Board of Directors or the Managing Directors by statutory or regulatory authorities (including designated professional organisations); and
- no Director or Managing Director has been prohibited by a court of law from being a member of a Board of Directors, a management body or supervisory board or to intervene in the management or conduct of the business of a company.

Service agreements

No member of the Board of Directors has any service agreements with Pernod Ricard or any of its subsidiaries that provide for benefits to be granted when the agreement ends.

The service agreement which bound Mr Richard Burrows to the Group, the purpose of which was to represent Pernod Ricard's interests in respect of the Scotch Whisky Association, came to an end in December 2007.

Employee representatives

The sole Pernod Ricard employee representation on the Board of Directors is ensured by Mr Sébastien Hubert and Mr Guillaume Orsel des Sagets. This representation became effective at the Board of Directors meeting of 16 March 2005 for Sébastien Hubert and at that of 7 March 2007 for Guillaume Orsel des Sagets.

Role and operation of the Board of Directors

The method of operation of the Board of Directors is provided for by the legal and regulatory provisions, by the bylaws and by Internal Regulations[1] adopted by the Board of Directors at its meeting on 17 December 2002, reviewed and supplemented during the Board sessions of 18 June and 23 July 2008. Pernod Ricard adheres to and complies with the principles of corporate governance in force in France as such principles result from AFEP-MEDEF Consolidated Report of October 2003. The Internal Regulations of the Board of Directors specify the rules and methods of operation of the Board, in addition to the legal regulatory and statutory aspects. In particular, they remind Directors of the rules on diligence, confidentiality and disclosure of conflicts of interest. They confirm the various rules in force with regard to the conditions for trading in the Company's shares on the stock market, the obligations to make declarations and publication requirements relating thereto.

The Chairman of the Board of Directors organises and directs the Board's work and represents the Board in its dealings with third parties. He oversees the proper functioning of the Company's managing bodies and in particular, ensures that the Directors are in a position to fulfil their duties.

The Internal Regulations provide that the Board shall discuss the way it operates and have an external assessment made of its method of functioning once a year. It shall carry out a formal appraisal of its work every three years.

Board 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 & Chief Executive Officer ensures that

(1) The Internal Regulations may be amended at any time by the Board of Directors.

Board of Directors Meetings are held to close the interim financial statements and to close off the annual financial statements and convene a Shareholders Meeting for the purpose of approving the financial statements.

Board meetings are called by the Chairman. The notice of the Board meeting sent to the Directors at least 8 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.

Responsibilities of the Board of Directors

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

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

During the financial year ended 30 June 2008, the Board of Directors met 9 times with an attendance rate of 98%. Meetings lasted 3 hours on average. The Board of Directors approved the annual and interim financial statements, prepared for the Combined Ordinary and Extraordinary Shareholders Meeting and approved the draft resolutions as well as ensuring day-to-day management, among other items. It defined the features of the stock option plan and the free share plan, which were both implemented in June 2008.

As part of the decisions relating to the major strategic orientations, the Board of Directors reviewed, in particular, the privatisation conditions set by the Swedish State for Vin&Sprit, the owner of ABSOLUT vodka, and decided to submit a purchase offer that was accepted.

Provision of information to the Directors

The Directors receive the information they require to fulfil their role. The written texts and documents in support of matters on the agenda, are sent to them long enough in advance to enable them to prepare effectively for each meeting, and, generally speaking 8 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. The Board is regularly informed of the state of business in the sector and its developments and competition and the main operational managers periodically present their businesses and business prospects to it.

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 during the fifteen-day period prior to publication of the annual results and net sales.

Committees of the Board of Directors

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

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

The Strategic Committee

Chairman:
Mr Patrick Ricard

Members:
Mr François Gérard
Mr Rafaël Gonzalez-Gallarza
Ms Danièle Ricard

The Strategic Committee convened on 6 occasions during the period 2007/2008. Committee members were present at all of these meetings. Its mission essentially consists in preparing the strategic policies submitted for approval to the Board of Directors.

Audit Committee

Membership of the Audit Committee

The Audit Committee was established on 29 January 2002.

Chairman:
Mr Didier Pineau-Valencienne
(Independent Director)

Members:
Mr François Gérard
Mr Gérard Théry
(Independent Director)

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 2007/2008 financial year, the Audit Committee met 6 times, with an attendance rate of 100%.

Main roles of the Audit Committee

The main functions 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 for the appropriate treatment of material transactions at Group level;
- analysing the options available when preparing the financial statements;
- examining the scope of consolidation and, where appropriate, the reasons why some companies may not be included;
- giving the Board of Directors its opinion on the renewal or appointment of the Statutory Auditors, the quality of their work and the amount of their fees and ensuring that the rules guaranteeing their independence are complied with;
- examining any matters of a financial or accounting nature that are referred to it by the Board of Directors;
- examining material risks and off-balance sheet commitments.

Report on the work carried out during the 2007/2008 financial year

In accordance with its internal regulations and in liaison with the Statutory Auditors and the Finance, Accounting and Internal Audit departments, 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 audit and corporate governance matters;
- review of the interim financial statements at 31 December 2007 during the meeting of 25 February 2008;
- review of the consolidated financial statements at 30 June 2008 (these financial statements were reviewed at the Audit Committee meeting on 15 September 2008); 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;
- monitoring the Group's cash flow and debt;
- approval of the Group internal Audit plan for 2008/2009 at the meeting of 16 June 2008; This Audit plan uses a risk-based approach;
- risk management: The Group sent its main subsidiaries a self-assessment questionnaire making it possible to evaluate whether their internal controls were adequate and effective. Based on the Group's internal control principles and in compliance with the AMF (French Financial Markets Authority) Reference framework for Internal Control ("Cadre de référence de l'AMF sur le dispositif de contrôle interne") and its Application Guide, this questionnaire covers corporate governance practices, operational matters, computer support and risk analysis. Response to the questionnaire was documented and reviewed in detail.

  An analysis of the returned questionnaires was presented to the Audit Committee at the meeting on 15 September 2008;
- examination of the internal Audit reports: around 25 audit engagements were performed during the 2007/2008 financial year. Each of these engagements was the subject of a complete report that described the quality of risk management and of internal control, and set out recommendations. The Audit Committee approved the recommendations of all the audit reports issued and checked on the degree of progress made in implementing the recommendations from previous audits.

Outlook for 2008/2009

As in previous financial years, the 2008/2009 financial year will be devoted to the continued analysis of the management of the Group's risks and, operational risks, in particular.

The major projects as well as the risks, and, in particular, transition risks related to the acquisition of the Vin&Sprit group will be subject to specific attention.

Appointments Committee

This Committee was established on 21 September 2005.

Chairman:
Mr Jean-Dominique Comolli
(Independent Director)

Members:
Lord Douro
(Independent Director)
Ms Danièle Ricard

Furthermore, Mr Patrick Ricard, the Chairman of the Board of Directors, is associated with the thought process regarding new appointments.

The Appointments Committee convened on 5 occasions during the year with an attendance rate of 100%.

During the period, the Appointments Committee worked on the appointment of Ms Nicole Bouton as independent Administrator, as well as on the membership of the Committee and the changes in the Internal Regulations of the Board of Directors.

The Committee also carried out an in-depth study of the distribution of roles and responsibilities in the context of the new organisation of Group General Management.

As in previous years, the Appointments Committee worked on the respective succession plans of the key executives in the Group.

Remuneration Committee

Composition

Chairman:
Mr Jean-Dominique Comolli
(Independent Director)

Members:
Lord Douro
(Independent Director)
Mr William H. Webb
(Independent Director)

During the 2007/2008 financial year, the Remuneration Committee met 5 times with a 100% attendance rate.

Main roles of the Remuneration Committee

The main roles of the Remuneration Committee are as follows:

- proposing the terms and conditions and amounts of remuneration for the Directors to the Board of Directors;
- recommending the total amount of Directors' fees to be submitted for approval to the Shareholders Meeting to the Board of Directors, as well as the way it will be distributed:
  - for duties performed as Board members,
  - for duties carried out on specialised Board Committees;

- proposing the remuneration structure and remuneration levels of the Executive Directors (including benefits in kind and pension benefits) to the Board of Directors, in particular, with regard to:
  - determining the variable portion of the Executive Directors' remuneration to ensure that it is consistent with the Company's short-, medium- and long-term strategies, as approved by the Board of Directors,
  - setting qualitative and quantitative criteria,
  - setting objectives in relation to these criteria,
  - assessing performance in relation to the achievement of or failure to achieve the objectives set.

It also intervenes to propose to the Board of Directors the policy for the allocation of free shares and stock options to be granted by the Company, as well as to recommend the development of this policy. At operational level, the Remuneration Committee studies the conditions for granting them, the dates of allocation and the allocation details of the various plans in liaison with the Board of Directors.

The Internal Regulations of the Remuneration Committee were not modified during the period. Its wording and its scope are identical to those of the version approved in the meeting of the Board of Directors of 2 November 2004.

Report on the work carried out during the 2007/2008 financial year

During this period, the Remuneration Committee focused its work more specifically on the following topics:

Remuneration of the Executive Directors

The fixed annual base salary of each of the Executive Directors was increased in the 2007/2008 financial year. Remuneration of the Managing Director was substantially increased to compensate for the extra workload and responsibilities linked to the departure of Richard Burrows, which had not, until then, been taken into account. Each of these increases was analysed on the basis of market practices for groups similar in size to Pernod Ricard.

Variable remuneration: the Remuneration Committee presented the results of the calculation of the variable remuneration due with respect to the 2006/2007 financial year on the basis of previously defined assumption to the members of the Board of Directors at the meeting held on 19 September 2007.

During this same meeting, the Remuneration Committee proposed the following change for the 2007/2008 financial year in order to align the interests of the Executive Directors more with those of the shareholders: the contribution after advertising & promotion Expenses growth criterion has been replaced by the criterion of net profit growth per share. The other indicators were the same as in the previous year, such as achieving the Group profit from recurring operations, the reduction of indebtedness and qualitative criteria.

Special Bonus for Pernod Ricard Managing Director's

At its meeting held on 23 January 2008 the Board of Directors of Pernod Ricard approved the implementation of a Special Bonus for Patrick Ricard and Pierre Pringuet. The Special Bonus relates to financial commitments made in the past and it involves a commitment to compensate Patrick Ricard and Pierre Pringuet upon their retiring, whether deliberately or not; as such, it is a commitment under the provisions of the French TEPA Act No. 2007 - 1223 dated 21 August 2007.

Should their careers end upon their retiring from Pernod Ricard after at least 20 years' seniority within Pernod Ricard and at least 5 years in a Managing Director's position, Patrick Ricard and Pierre Pringuet would each be given a Special Bonus upon or after the end of their Managing Director's service; the amount of the Special Bonus would not exceed the annual compensation (fixed and variable portions) paid to them for the year prior to their retirement.

The amount shall be calculated after deducting any other compensation owed to them for leaving their positions (namely, end-of-career compensation - "indemnité de fin de carrière (IFC)" - as per any previous working contract).

By the same token, if an exceptional bonus is paid out during the year of retirement, the Board may replace a portion or the whole amount of the Special Bonus with the exceptional bonus.

The Special Bonus is exceptional in nature and it shall not be factored into the calculations of post-employment benefits such as additional pension benefits.

In all instances, the Special Bonus as described above shall be capped at €2 million and it shall be dependent on the achievement of performance criteria.

The performance criteria set by the Board relate to the mean growth in net profit from recurring operations over the ten years prior to retirement and the mean growth in net profit from recurring operations over the three full fiscal years prior to retirement, which takes into consideration both long term and recent performance.

Depending on the actual performance achieved, the Special Bonus may be decreased or even equal to zero .

In compliance with the French Act dated 21 August 2007 the above shall be submitted to the next Annual General Meeting, i.e. on 5 November 2008.

Stock-options and free shares

During the past financial year, the Remuneration Committee studied and proposed to the members of the Board of Directors the implementation, on a worldwide scale, of a new Combined Stock Option and Free Share Plan consisting of the conditional and unconditional allocation of stock options and allocation subject to performance criteria and allocations of free shares.

This plan's allocation system, originating in June 2008, was established on the basis of the procedure reviewed in 2006/2007.

On the recommendation of the Remuneration Committee, the Board of Directors proposed to the Chairmen of the subsidiaries the possibility of again extending the scope of the proposed beneficiaries, this year. In this way, more than 800 Pernod Ricard employees benefited from stock options and/or free shares.

During the Board meeting of 18 June 2008, the Combined Stock Option and Free Share Plan was approved based on the following principles:

- Executive Directors receive an allocation consisting of ordinary stock options and conditional stock options. They do not receive any free shares;
- Group Executive Committee members receive ordinary stock options, free shares, but also, for some of them, conditional stock options;
- the other beneficiaries of the plan receive free shares. On the basis of their hierarchical level, beneficiaries are also allocated unconditional stock options.

Each level of allocation is established on the basis of a percentage of the average fixed remuneration per category of beneficiaries. The total volume of this Combined Stock Option and Free Share Plan depends on the Group's performance over the financial year, this performance being validated by the Board of Directors called upon to approve this allocation. As the results had exceeded objectives, the Board of Directors adopted the maximum multiplying coefficient of 1.2.

The free shares allocated are conditional for all beneficiaries, firstly on achievement of the forecast profit from recurring operations for the following financial year, but also on the beneficiary's presence within the Company. The shares will only be available for the beneficiaries, whatever their country of residence, at the end of a four-year period. For the beneficiaries who are French tax residents, this four-year period is divided into two-year vesting period followed by a two-year retention period. In accordance with the 18th resolution approved in November 2007, the free shares allocated to beneficiaries who are not French tax residents are available at the end of an acquisition period of 4 years without any extra retention period.

In accordance with article L. 225-185 of the French Commercial Code, the Board of Directors confirms its decision to require the Executive Directors to retain 25% of the shares resulting from the exercise of the unconditional stock options allocated pursuant to the Combined Stock Option and Free Share Plan of 18 June 2008.

Stock Appreciation Rights

No Stock Appreciation Rights (SARs) were allocated during the 2007/2008 financial year.

Directors' fees

The Remuneration Committee examined the rules for the allocation of Directors' fees to the Board of Directors and the division of such fees among Board members and adopted the overall amount of Directors' fees that would be put to the vote by the shareholders at the Shareholders' Meeting.

For several financial years, Executive Directors have no longer been receiving Directors' fees for their role as Directors.

The total amount of Directors' fees proposed was set at €750,000 for the financial year 2008/2009, i.e. an increase of 12%. This increase takes into account the increase in the number of Audit Committee members (4 instead of 3) as well as an additional allocation granted to its chairman. No change has been made to the rules for dividing up the amount between Board members.

Limitation of powers

Limitations on the powers of the Chairman & CEO

Following the decision made by the Board of Directors on 17 May 2004, the Chairman & Chief Executive Officer must ensure, before committing the Company, that the Board of Directors agrees to transactions that fall outside the ordinary course of business and, in particular, before:

- 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 purchase of shares, ownership rights or other securities, and more generally in any form whatsoever, for an amount greater than €50 million per transaction;
- granting loans, credits and advances in excess of €50 million per borrower, except when the borrower is a subsidiary of Pernod Ricard (as defined in Article L. 233-3 of the French Commercial Code) and with the exception of loans granted for less than one year;
- borrowing, with or without granting a guarantee on corporate assets, in excess of €200 million in the same financial year, except from subsidiaries of Pernod Ricard (as defined in Article L. 233-3 of the French Commercial Code), for which there is no limit;
- granting pledges, sureties or guarantees, except with express delegation of authority from the Board of Directors, within the limits provided for by Articles L. 225-35 and R.89 of the French Commercial Code.

On 23 January 2008, the Board of Directors renewed for one year the authorisation given by the Board on 24 January 2008 to the Chairman & Chief Executive Officer to grant, in the name of the Company, pledges, sureties or guarantees within the limit of a total amount of €50 million.

The Board of Directors also renewed on the same date and for the same period, the authorisation given to the Chairman & Chief Executive Officer 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.

The authorisations to grant pledges, sureties and guarantees covered by the present paragraph may be delegated, in full or in part, by the Chairman & Chief Executive Officer, particularly to the Managing Director.

In addition, the Chairman & Chief Executive Officer may commit the Company to the disposal of investments whose enterprise value is less than €50 million. Above this amount he must obtain the agreement of the Board of Directors.

Limitations on the powers of the Managing Director

Following the decision made by the Board of Directors on 17 May 2004, the Managing Director must ensure, before committing the Company, that the Board of Directors agrees to transactions that fall outside the ordinary course of business and, in particular, before:

- carrying out acquisitions, transfers of ownership or disposals of assets and property rights and making investments for an amount greater than €25 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 contributions in cash or in kind, through purchase of shares, ownership rights or other securities, and more generally in any form whatsoever, for an amount greater than €25 million per transaction;
- granting loans, credits and advances in excess of €25 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, in the name of the Company, pledges, sureties or guarantees, under delegation of authority from the Chairman & Chief Executive Officer as described above, within the limits of the authorisation that he himself has received, and with the ability to sub-delegate such authority.

In addition, the Managing Director may commit the Company to the disposal of investments whose enterprise value is less than €25 million. Above this amount he must obtain the agreement of the Board of Directors.

Management structure

Management Structure for the period 2007/2008

General Management

Group General Management is provided by the Chairman and Chief Executive Officer and the Managing Director. General Management conducts the Group Executive Committee meetings as well as the meetings of the Directors of the Holding Company. There are meetings with the direct subsidiaries four times a year. The budget, the three-year plan and the review of activities and strategy are dealt with in these meetings.

During the period, General Management called a meeting of the Group Executive Committee with the following objectives:

- exchanging information on the general operation of the Group and that of each of its subsidiaries;
- participating in the elaboration of Group strategy and action plans;
- coordinating the management of human and financial resources and of quality and research, etc.

This Group Executive Committee met every six weeks and at an annual seminar to work on the medium-term plan, on strategy and the main positions to fill as well as on management of potentials. The Group Executive Committee met 7 times during the financial year 2007/2008.

Composition of the Group Executive Committee

Patrick Ricard: Chairman and CEO
Pierre Pringuet: Managing Director
Emmanuel Babeau: Deputy Managing Director, Finances
Bruno Rain: Deputy Managing Director, Human Resources
Jean-Paul Richard: Marketing Vice President

Lionel Breton: Chairman and CEO of Martell Mumm Perrier-Jouët
Pierre Coppéré: Chairman and CEO of Pernod SA
Christian Porta: Chairman and CEO of Chivas Brothers
Philippe Savinel: Chairman and CEO of Ricard SA

Michel Bord: Chairman and CEO of Pernod Ricard Americas
Alain Barbet: CEO of Pernod Ricard USA

Philippe Dréano: Chairman and CEO of Pernod Ricard Asia
Param Uberoi: Chairman and CEO of Pernod Ricard South Asia

Thierry Billot: Chairman and CEO of Pernod Ricard Europe
Philippe Coutin: Chairman and CEO of Pernod Ricard Iberia
Paul Duffy: Chairman and CEO of Irish Distillers Ltd

Laurent Lacassagne: Chairman and CEO of Pernod Ricard Pacific

Holding Company Management

General Management calls the main Directors of the Holding Company to a meeting with the following objectives:

- to exchange information on the general operation of the Group, on the actions undertaken or to be undertaken by each operational management unit;
- to prepare and coordinate the decisions and actions to be taken by the Holding Company;
- to prepare specific decisions governed by Group General Management.

Emmanuel Babeau
Deputy Managing Director, Finances

Gilles Bogaert[1]
Vice President, Audit and Development

Jean Chavinier
Vice President, Information Technology

Denis Fiévet
Vice President, Financial Communication and Investor Relations

Ian FitzSimons
Vice President, General Counsel

Armand Hennon
Vice President, Public Affairs, France

Bruno Rain
Deputy Managing Director, responsible for Human Resources

Jean-Paul Richard
Vice President, Marketing

Armin Ries[2]
Vice President, Special Advisor to General Management

Jean Rodesch
Vice President, Institutional Affairs

Jean-Pierre Savina
Vice President, Industrial Operations

Francisco de la Vega
Vice President, Corporate Communication

Management Structure from 1 July 2008

General Management

In support of the Group's new corporate governance which will be proposed at the meeting of 5 November 2008, the Group's General Management will be modified as follows:

- **CEO**, Patrick Ricard;
- **Managing Director,** Pierre Pringuet;
- four **Deputy Managing Directors**, respectively:
  - **Emmanuel Babeau,** Deputy Managing Director, Finance,
  - **Thierry Billot,** Deputy Managing Director, Brands,
  - **Michel Bord,** Deputy Managing Director, Distribution Network,
  - **Bruno Rain**, Deputy Managing Director, Human Resources.

The following are directly attached to the General Management:

- the Legal department;
- the Communication department.

Hierarchical reporting of subsidiaries

The following subsidiaries report to **Deputy Managing Director, Brands**:

- Chivas Brothers;
- Havana Club International[3];
- Irish Distillers;
- Malibu Kahlua International;
- Martell Mumm Perrier-Jouët;
- Pernod Ricard Pacific;
- The ABSOLUT Company.

The following subsidiaries report to **Deputy Managing Director, Distribution Network**:

- Pernod Ricard Americas;
- Pernod Ricard Asia;
- Pernod Ricard Europe;
- Pernod;
- Ricard.

Executive Board

The Executive Office is the permanent coordination unit of the Group's General Management. It is comprised of Group General Management and General Counsel.

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

Role and Composition of the Executive Committee

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

(1) Replaced on 1 July 2008 by Jérome Cottin-Bizonne.
(2) Since 1 November 2007.
(3) Maintenance of a direct link with the CEO, (Junta de accionistas).

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

In this capacity, the Executive Committee:

- examines the activity of the Group and its variations with respect to the market plan;
- gives its opinion regarding the establishment of objectives (income statement, debt and qualitative objectives);
- periodically reviews the brands' strategies;
- analyses the performance of the distribution subsidiary network 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 policies, corporate citizenship, etc.).

It meets 6 to 8 times a year.

The Executive Committee is made up of:

- *General Management*
  - Chairman & Chief Executive Officer, Patrick Ricard,
  - Managing Director, Pierre Pringuet,
  - Deputy Managing Director, Finances, Emmanuel Babeau,
  - Deputy Managing Director, Human Resources, Bruno Rain,
  - Deputy Managing Director, Brands, Thierry Billot,
  - Deputy Managing Director, Distribution Network, Michel Bord,
  - General Counsel, Ian FitzSimons;
- *Brand Owner Subsidiaries*
  - Chivas Brothers, Christian Porta, Chairman and CEO,
  - Martell Mumm Perrier-Jouët, Lionel Breton, Chairman and CEO,
  - Pernod Ricard Pacific, Jean-Christophe Coutures, Chairman and CEO,
  - Irish Distillers, Alexandre Ricard, Chairman and CEO,
  - The ABSOLUT Company, Ketil Eriksen, Chairman and CEO;
- *Distribution Network Subsidiaries*
  - Pernod Ricard Americas, Alain Barbet, Chairman and CEO,
  - Pernod Ricard Asia, Philippe Dréano, Chairman and CEO,
  - Pernod Ricard Europe, Laurent Lacassagne, Chairman and CEO,
  - Pernod, Pierre Coppéré, Chairman and CEO,
  - Ricard, Philippe Savinel, Chairman and CEO.

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 the General Management with regard to the Company in their capacity as director and their private interests and/or other duties.

To the Company's knowledge and at the time of writing, with the exception of what is described in the Shareholders' agreements Section, no restriction has been accepted by the members of the Board or General Management concerning the disposal of their stake in the share capital (article 14-2 of the appendix to the AMF General Regulations).

Compensation and benefits

Directors' compensation policy

The total amount of Directors' fees paid to members of the Board of Directors was €660,100 for the 2007/2008 financial year, compared to the allocation of an amount of €670,000 decided by the Shareholders Meeting of 7 November 2007. The compensation of the Director takes his/her effective contribution in the work of the Board and therefore of his/her capacity as a member with one or more capacities into account. A committee-based hierarchy has been set up. In addition, fixed and variable parts have been introduced into Directors' compensations by meeting in order to take absenteeism into account. As from 20 September 2005, the Board of Directors supplemented these rules by granting non-resident Directors a travel bonus which only relates to the variable portion of remuneration. In addition, during its meeting on 17 September 2008, the Board of Directors decided to grant an additional allocation to the Chairman of the Audit Committee. Executive Directors do not receive Directors' fees.

Executive Directors' compensation policy and allocation of stock options and free shares to Executive Directors

Compensation

As in the past, the members of the Remuneration Committee carried out a comparative study of the compensation policy for Executive Directors to draw up their recommendations which was submitted to the Board of Directors for approval. In particular, they studied the development of the base salary, variable remuneration and the criteria related to it, stock option rights and retirement aspects.

Reviews of these different elements were based on studies and analysis of the Group's performance and on comparison with market practice for comparable-level positions in terms of responsibilities.

The rules for determining the variable part of the compensation of the Group's Executive Directors have remained unchanged for several years, and only the allocation criteria have varied over the course of the financial years to bring the variable part completely into line with specific issues encountered during each financial year and to the new issues for the Group.

This individual variable part may amount to 110% of the annual base salary if the objectives are met and may represent up to 180%, if the objectives set are greatly exceeded.

Stock options and free shares

The rules for allocating stock options to Executive Directors are established on the basis, firstly, of Group performance during the financial year in respect of which these awards are granted, but also in comparison with market practice.

During the 2007/2008 financial year, the Board of Directors, on the basis of a proposal from the Remuneration Committee and extending the proposals adopted in June 2007, validated the following principles that apply to the Executive Directors:

- in terms of value in use, the amount of the allocation to the two Executive Directors represents approximately 5% of the overall value in use of the plan in June 2008;
- no free share was allocated to the Executive Directors;
- the individual allocations are composed partly of unconditional stock options, and partly of conditional stock options. The condition concerns the performance of the Pernod Ricard share compared to the development of the CAC 40 index and assessed at the end of the compulsory 4-year blocked period.

Obligation to retain shares

The members of the Board of Directors decided that the Executive Directors have to retain 25% of the shares resulting from the exercise of the unconditional stock options allocated pursuant to the Combined Stock Option and Free Share Plan of 18 June 2008.

Other benefits

Company car, chauffeur

Mr Patrick Ricard has a company car and is also entitled to the services of a chauffeur.

Mr Pierre Pringuet has a company car.

Pension schemes for Executive Directors

The French Executive Directors benefit, on the same basis as the Group's senior French management executives and in consideration solely for services rendered in the performance of their duties, from the Group's conditional supplementary collective defined-benefit pension scheme. A minimum length of service of 10 years is required to benefit from this scheme. The pension annuities paid are proportional to length of service within the Group, with an upper limit of 20 years. Executive Directors have to remain in the service of the Group on the date when they retire in order to benefit from this scheme.

It is a conditional, non-individual pension scheme that applies to all French employees of the Group who correspond to the definition of beneficiaries, and therefore to the Executive Directors, due to the fact that their status is deemed to be comparable to that of the French senior management executives with regard to employee benefits.

Over and above the compulsory French pension plans, expenses have been recognised or provisions have been booked for pension and other long-term employee benefits for both Executive Directors in Pernod Ricard's financial statements as of 30 June 2008 for a total estimated amount of approximately €16 million.

The replacement rate (amount of pension annuities/fixed and variable end-of-career salary) resulting from all schemes combined, would amount to approximately 30% for each Executive Director. In particular, the income of the collective pension scheme with conditional supplementary defined-benefits described above represents approximately 1% per year of service, with an upper limit of 20 years, of the amount of their remuneration exceeding 8 times the French annual social security ceiling.

Other types of benefits

The employment agreement that Mr Pierre Pringuet benefits from in the event that his collaboration with Pernod Ricard is interrupted and that corresponds to the payment of an indemnity assessed on the basis of 1 month's remuneration per year of seniority is being brought into compliance with the provisions of the TEPA law of August 2007. This compliance will be validated by the Board of Directors within the time frame and the legal modalities established by this law.

In addition, the Directors benefit from the special bonus in the event of retirement. The modalities of this new bonus, introduced on 23 January 2008, are explained in the corresponding paragraphe and were advertised on the Pernod Ricard website.

Finally, Executive Directors do not receive any Directors' fees in virtue of the directorships they hold within the various Group subsidiaries.

Amount of remuneration of the Directors and Group Executive Committee members

Remuneration paid in virtue of the 2007/2008 financial year

In euro	Gross fixed remuneration paid	Gross variable remuneration due in respect of the financial year	Variable as % of fixed	Directors' fees due in respect of the period	Benefits in kind received over the period	Total Directors' fees received in respect of the period	Total pro forma Directors' fees received in respect of the period
Chairman and CEO							
Mr Patrick Ricard	1,100,000	1,313,956	119.45%	-	3,500	2,417,456	2,473,553
Managing Director							
Mr Pierre Pringuet	820,000	979,495	119.45%	-	3,500	1,802,995	1,677,517
Non-Executive Directors							
Ms Nicole Bouton				28,675		28,675	0
Mr Richard Burrows	25,000			42,015		67,015	92,000
Mr Jean-Dominique Comolli				69,575		69,575	54,000
Lord Douro				76,575		76,575	63,000
Mr François Gérard				71,525		71,525	64,000
Mr Rafaël Gonzalez-Gallarza				49,025		49,025	36,000
Ms Françoise Hémard				40,025		40,025	33,000
Mr Didier Pineau-Valencienne				62,525		62,525	59,000
Ms Danièle Ricard				55,800		55,800	42,500
Mr Gérard Théry				62,525		62,525	59,000
Mr William H. Webb				63,800		63,800	60,500
Paul Ricard SA				38,025		38,025	35,000

The fixed remuneration allocated to all the members of the Group Executive Committee for the 2007/2008 financial year amounts to approximately €7.4 million, plus an amount of variable remuneration of €6.3 million.

The annual amount of the expenses relating to pension benefits for members of the Group Executive Committee recognised in Pernod Ricard's financial statements at 30 June 2008 is €4 million.

Finally, within the scope of the combined stock option and free share plan of June 2008, the total allocation for the Group Executive Committee is 287,334 stock options, including a portion that is conditional on performance, and 13,738 free shares.

Table showing stock options granted to/exercised by each member of the Board during the financial year 2007/2008

	Number of options granted/shares subscribed or purchased	Price In euro	Expiry dates	Plan No.
Stock options granted to each Executive Director during the financial year				
Mr Patrick Ricard	77,908 [1]	71.50	18.06.2016	15
Mr Pierre Pringuet	52,800 [1]	71.50	18.06.2016	15
Stock options exercised during the period by each Executive Director				
Mr Patrick Ricard	22,000	19.97	27.01.2010	3
Mr Pierre Pringuet	17,270	51.33 [2]	18.12.2011	7
Mr Richard Burrows [3]	15,614	61.43 [3]	17.12.2012	9
	20,000	30.72	17.12.2012	9
	30,414	36.56	18.12.2013	10

(1) Half of the options allocated are exercisable contingent on performance conditions.
(2) Exercise of stock options prior to 1 for 2 split of the face value of the Pernod Ricard share, carried out on 15 January 2008.
(3) Director not employed by the Company.

Table showing stock options granted to/exercised by the first ten employees in the Group other than Executive Directors and granted or exercising options during the financial year

	Number of options granted/shares subscribed or purchased	Price In euro	Plan No.
Options granted during the financial year by the Company to the first ten employees of the Company and all companies within its Group granting options, receiving the highest number of options	123,020	71.50	15
Options held with regard to the Company's shares exercised during the financial year by the first ten employees of the Company and all companies within its Group granting options, purchasing or subscribing for the highest number of shares	166,735	33.57	1/2/3/5/6/7/9/10

Pernod Ricard has not issued any other option instruments granting access to shares and reserved for its Executive Directors or to the first ten employees.

History of allocations of stock options – situation as at 30 June 2008

	Plan No. 1	Plan No. 2	Plan No. 3	Plan No. 4	Plan No. 5	Plan No. 6	Plan No. 7	Plan No. 8
Date of authorisation by Shareholders Meeting	12.05.1993	05.05.1998	05.05.1998	05.05.1998	05.05.1998	03.05.2001	03.05.2001	03.05.2001
Date of the Board of Directors meeting	19.12.1997	28.01.1999	27.01.2000	27.09.2000	19.12.2000	19.09.2001	18.12.2001	11.02.2002
Type of options	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Subscription	Subscription
Number of beneficiaries	160	182	180	2	204	10	367	84
Total number of options that can be subscribed	365,307	699,426	800,650	180,000	899,888	116,032	1,997,286	333,610
including to the Executive Directors of Pernod Ricard SA	79,269	62,590	77,460	180,000	90,336	0	250,434	0
including the top 10 Group employees receiving grants	57,698	137,424	135,592	0	149,420	116,032	263,336	65,564
Commencement date of options	19.12.1997	28.01.1999	27.01.2000	27.09.2000	19.12.2000	19.09.2001	18.12.2001	11.02.2002
Exercisable as from	22.12.2002	29.01.2002	28.01.2003	28.09.2003	20.12.2003	20.09.2005	19.12.2005	12.02.2006
Share sales possible with effect from	22.12.2002	29.01.2004	28.01.2005	28.09.2005	20.12.2005	20.09.2005	19.12.2005	12.02.2006
Expiry date	19.12.2007	28.01.2009	27.01.2010	27.09.2010	19.12.2010	19.09.2011	18.12.2011	11.02.2012
Subscription or purchase price (in euro)	30.59	18.90	19.97	18.17	19.44	26.24	25.67	27.17
Options subscribed during the financial year	18,786	31,887	61,692	0	91,636	16,414	202,672	4,788
Options cancelled during the period	0	(2,496)	0	0	0	0	0	0
Options not exercised at 30 June 2008	0	46,277	154,286	0	193,794	63,164	631,734	57,336

	Plan No. 9	Plan No. 10	Plan No. 11	Plan No. 12	Plan No. 13	Plan No. 14	Plan No. 15
Date of authorisation by Shareholders Meeting	03.05.2001	03.05.2001	17.05.2001	17.05.2004	17.05.2004	07.11.2006	07.11.2006
Date of the Board of Directors meeting	17.12.2002	18.12.2003	02.11.2004	25.07.2005	14.06.2006	21.06.2007	18.06.2008
Type of options	Subscription	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase
Number of beneficiaries	398	418	459	485	555	515	598
Total number of options that can be subscribed	2,071,684	1,515,594	1,816,186	907,942	2,109,032	911,712	1,187,650
including to the Executive Directors of Pernod Ricard SA	166,488	98,842	137,094	107,284	189,822	115,736	130,708
including the top 10 Group employees receiving grants	228,178	126,968	155,062	106,148	145,722	108,920	123,020
Commencement date of options	17.12.2002	18.12.2003	17.11.2004	11.08.2005	14.06.2006	21.06.2007	18.06.2008
Exercisable as from	18.12.2006	19.12.2007	18.11.2008	12.08.2009	15.06.2010	22.06.2011	19.06.2012
Share sales possible with effect from	18.12.2006	19.12.2007	18.11.2008	12.08.2009	15.06.2010	22.06.2011	19.06.2012
Expiry date	17.12.2012	18.12.2013	17.11.2014	11.08.2015	14.06.2016	21.06.2015	18.06.2016
Subscription or purchase price in euro	30.72	36.56	45.72	56.83	63.12	80.75	71.50
Options subscribed during the financial year	251,756	396,496	1,384	0	870	0	S.O.
Options cancelled during the period	0	3,718	9,870	6,250	37,806	4,930	S.O.
Options not exercised at 30 June 2008	970,580	1,083,126	1,780,966	892,646	2,070,356	906,782	1,187,650

The data with regard to plans Nos. 2 to 14 has been restated in order to account for the halving of the nominal amount of the share that came into effect as of 15 January 2008.

In accordance with the authorisations granted by the Extraordinary Shareholders Meetings on 7 November 2006 (9th resolution) and 7 November 2007 (18th resolution), on 18 June 2008, Pernod Ricard's Board of Directors approved a combined stock option and free share plan consisting of:

- unconditional stock options;
- conditional stock options allocated to Executive Directors and to some members of the Group Executive Committee;
- conditional free shares.

This combined stock option and free share plan came into effect on 18 June 2008 and covers 1,187,650 shares granted under conditional and unconditional stock purchase options to 598 beneficiaries at a price of €71.50 each. In accordance with the rule for determining the grant price, this is higher than the average of the trading prices of the Pernod Ricard share over the 20 trading sessions prior to launch of the plan. No discount was applied to this price. Options may be exercised and sales may be made as from 19 June 2012. This plan also related to the allocation of 380,898 free shares to 804 beneficiaries. These free shares are subject to both a performance condition and a condition of presence in the Company. These shares allocated free are only available at the end of a four-year period. For the beneficiaries who are French tax residents, this four-year period is divided into two-year vesting period followed by a two-year retention period. For beneficiaries who are non-French tax residents, the vesting period is increased to 4 years without any extra retention period.

No allocation of SARs (*Stock Appreciation Rights*) occurred this year.

Employee profit-sharing

Employees of all the Group's French companies benefit from profit-sharing and incentive agreements that are 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.

In the same way, outside France, the Group encourages all the subsidiaries to implement local agreements enabling employees to share in the results of the entity to which they belong.

Provisions for pension benefits

In addition, the details of the total amount of provisions booked or otherwise recognised by the Company for payment of pensions are provided in Note 15 – *Provisions* in the appendices to the consolidated financial statements.

Internal control procedures

The Group's Internal Control principles and procedures follow corporate governance guidelines which are compliant with the AMF Reference Framework for internal control and its application guide (AMF French Financial Markets Authority, 17, place de la Bourse, 75082 Paris Cedex 02).

Definition of internal control

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

- firstly to ensure that acts of management, transactions carried out and personal conduct comply with guidelines relating to the conduct of Group business, as set by the Group bodies responsible for corporate governance, applicable law and regulations, and the values, standards and internal rules of the Group, and;
- secondly to verify that the accounting, financial and management information provided to the bodies responsible for corporate governance in the Group fairly reflects the performance and the financial position of the companies in the Group.

One of the objectives of the internal control systems is to prevent and control risks arising from the activities of the Group and in particular, the risks of error or fraud, especially in the areas of accounting and finance. As with all control systems, they can not provide an absolute guarantee that such risks have been fully eliminated.

Description of the internal control environment

Internal control players

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

At Group level

The **Group Executive Committee** is comprised of Group General Management, the Deputy Managing Directors (in charge of finance and human resources) the Chairmen & Chief Executive Officers of the main subsidiaries and the Marketing Vice President. From 1st July 2008, the membership of the Group Executive Committee has been modified. Its new composition is described in the corresponding part of the present report. In addition to the review of the Group's commercial and financial performance, it addresses all general matters regarding the Group and its subsidiaries. The Committee met seven times in the 2007/2008 financial year.

The **Regional Executive Committees**, put in place as from January 2006, are the equivalent of the Group Executive Committee at the level of each Region. Group General Management participates in all these meetings. During the 2007/2008 financial year, six Regional Executive Committee meetings were held.

The Group's **Internal Audit** department is attached to the Holding Company's Finance Department and reports to Group General Management and the Audit Committee. It comprises teams located both in the Holding Company and in the Regions. The Audit plan is determined on the basis of an analysis of risks and is validated by Group General Management and the Audit Committee. It provides the details of the audit engagements foreseen as well as the main themes that will be dealt with.

Work is systematically provided for review and analysis to the Audit Committee, General Management and the Statutory Auditors.

Statutory Auditors: The selection and appointment of joint Statutory Auditors proposed to 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 & Chief Executive Officer and of its senior managers.

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

Risk identification and management

The 2007/2008 financial year was devoted to:

- continuing the analysis of the control of operating and financial risks, through audit engagements and during the preparation of the 2008/2009 Audit plan;
- the implementation of the self-assessment questionnaire on internal control and risk management. In particular, this questionnaire was modified to comply with the Reference Framework for internal control and its Application Guide published by the AMF in January 2007 (*cf.* next section);
- continued performance of audit engagements: around 25 engagements were made during the 2007/2008 financial year. Their objectives were notably to ensure that the Group's internal control principles were correctly applied within its subsidiaries, but also allowed the assessment of the efficiency of maturing inventory management as well as project management and IT projects in particular.

The key areas for improvement identified were addressed in specific action plans, which were validated by General Management and the Audit Committee. Their implementation is regularly assessed by the audit teams.

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** sets out the rights and duties of every employee in relation to Group values, particularly in its code of ethics. Among other things, these rights and duties include compliance with the law and integrity. A copy of the charter is given to each employee when they are recruited, and is always available in several languages on the Group Intranet site.

A formal **delegation of authority** procedure, issued by the Board of Directors, sets out the powers of the Chairman & Chief Executive Officer, the Managing Director and the Deputy Managing Director in charge of Finance and Vice-President, General Counsel of the Holding Company.

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

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

Updated in 2007/2008 to comply with the AMF Reference Framework for internal control, the **Self-assessment questionnaire** is based on the Group's internal control principles. In particular, it covers corporate governance practices, operational matters, IT support and risk analysis.

Sent to the Group's main subsidiaries, it enables them to assess the adequacy and the effectiveness of their internal control. Responses to the questionnaires are documented and reviewed in detail by the Holding Company and the Regions. All of this work has been covered by:

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

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

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

- the budget is the subject of specific instructions (principles, calendar) published by the Holding Company and sent to all the subsidiaries. The final budget is approved by the General Management of the Holding Company;
- 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 Management Committee, General Management, the Group Executive Committee and at meetings of the Board of Directors and the Audit Committee;
- a three-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 enables direct input by each subsidiary of all its accounting and financial data.

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

Legal and operational control of the Holding Company over its subsidiaries

Subsidiaries are mostly wholly-owned, either directly or indirectly.

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

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

The role of the Holding Company, as described in the "General Organisation of the Group" section of this report, is an important component of the control environment 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 team of the Holding Company's Finance Department, as follows:

- communication of the main Group accounting and financial policies through a procedures manual;
- preparation and issuance by the consolidation team of precise instructions, 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 in the consolidation package completed by each subsidiary;
- use of a single software package by Group subsidiaries. The maintenance of this package and user training are carried out by the Holding Company'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 to the accuracy and completeness of the financial information sent to the Holding Company in the context of the consolidation process.

Preparation of Pernod Ricard Parent Company financial statements

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

Paris, 18 September 2008

Patrick Ricard

Chairman and CEO

Statutory Auditors' Report

Report of the Statutory Auditors drawn up in application of Article L. 225-235 of the French Commercial Code regarding the report of the Chairman of the Board of Directors of Pernod Ricard SA concerning the internal control procedures relating to the preparation and processing of financial and accounting information

For the year ended 30 June 2008

To the Shareholders,

In our capacity as Statutory Auditors of Pernod Ricard SA, and in accordance with the provisions of Article L. 225-235 of the French Commercial Code, we present our report on that prepared by the Chairman of your Company's Board of Directors in accordance with the provisions of Article L. 225-37 of the French Commercial Code for the financial year ended 30 June 2008.

It is for the Chairman of the Board of Directors to draw up and submit to the approval of the Board of Directors a report dealing in particular with the composition, the conditions governing the preparation and organisation of the work performed by the Board of Directors and of the internal control and risk management procedures set up in the Company.

It is our responsibility to report to you our observations on the information set out in the report of the Chairman of the Board of Directors concerning the internal control procedures relating to the preparation and processing of financial and accounting information as well as attesting that this report includes the other information required by article L. 225-37 ot the French Commercial Code.

We conducted our work in accordance with the professional standard applicable in France. These standards require that we carry out procedures in order to assess the fairness of the information set out in the report of the Chairman of the Board of Directors concerning the internal control procedures relating to the preparation and processing of financial and accounting information. In particular, these procedures consist of:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of financial and accounting information underlying the report of the Chairman of the Board of Directors as well as the existing documentation;
- obtaining an understanding of the work that has allowed the preparation of this information and of the existing documentation;
- determining whether the major deficiencies in internal control relating to the preparation and processing of financial and accounting information that we have observed in the context of our mission are the subject of appropriate information in the report of the Chairman of the Board of Directors.

On the basis of the procedures we have performed, we have no matters to report in connection with the information concerning the internal control procedures of the Company relating to 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 the provisions of Article L. 225-37 of French Commercial Code.

In addition, we attest that this report includes the other information required by article L. 225-37 of the French Commercial Code French Commercial Code.

Neuilly-sur-Seine and Courbevoie, 18 September 2008

The Statutory Auditors

Deloitte & Associés	**Mazars & Guérard**
Alain Penanguer	Loïc Wallaert

3

MANAGEMENT REPORT

Analysis of business activity and results

Presentation of the results

2007/2008 was a remarkable year for Pernod Ricard, with strong growth in emerging countries and moderate progress-building in Western markets within a worldwide economic context of lower growth.

There was remarkable growth in business activity and operational profitability in all Regions, mainly due to increased advertising and promotion outlay and continued strategic focus on the Top 15 brands.

In addition to splendid commercial and financial performance, 2007/2008 was most clearly marked by the purchase of the Vin&Sprit Group, the owner of Premium vodka ABSOLUT, a world leader in this segment, with a production of almost 11.3 million 9-litre cases sold over the 12 months running to 30 June 2008. The purchase offers Pernod Ricard increased growth prospects in all markets, and should lead to a sharper increase in its operating margin and strong growth in profit from recurring operations.

The comparative results are shown below:

In euro million	30.06.2007	30.06.2008
Sales	6,443	6,589
Gross margin after logistics costs	3,587	3,766
Contribution after advertising & promotion expenses	2,486	2,588
Profit from recurring operations	1,447	1,522
Operating margin	*+22.5%*	*+23.1%*
Group net profit from recurring operations(1)	833	897
Group net profit	831	840
Group net profit per share from recurring operations diluted (in euros)(2)	3.87	4.13
GROUP NET PROFIT PER SHARE DILUTED(2) (IN EUROS)	**3.87**	**3.87**

(1) Profit from recurring operations adjusted for other income and expenses, net financial expenses from ordinary activities, corporate income tax, profits of equity-method companies and profit from discontinued operations.

(2) Following adjustment due to distribution of one free share for every five old shares held 16 January 2007, and the splitting of the nominal amount of the share in two on 15 January 2008.

Annual consolidated sales were €6,589 million at 30 June 2008, an increase of 2.3% on the historic basis and an increase of 8.7% in terms of organic growth. This increase reflects dynamic business activity, particularly among the Top 15 brands, a result from acceleration in emerging countries and Premium spirits.

The contribution after advertising & promotion expenses was €2,588 million at 30 June 2008, up by 4.1% over the year, mainly as a result of vigorous organic growth of 10.4%.

Profit from recurring operations increased by 5.2%, thanks to a remarkable increase in organic growth of 13.4% as the result of dynamic activity and increased operating margin pushed up by Premiumisation and higher prices implemented in hot pursuit of the "high value strategy".

GROUP NET PROFIT FROM RECURRING OPERATIONS PER SHARE – DILUTED

In euro million	30.06.2007	30.06.2008
Profit from recurring operations	1,447	1,522
Interest expenses (income) from recurring operations	(341)	(333)
Corporate income tax on recurring operations	(249)	(263)
Minority interest and share of net income from associates	(25)	(29)
Group net profit from recurring operations	833	897
Number of shares in circulation - diluted (1)	107,491,385	-
Number of shares in circulation - diluted (2)	214,982,770	217,234,132
In euros		
Group net profit per share from recurring operations – diluted (1)	7.75	-
Group net profit per share from recurring operations – diluted (2)	3.87	4.13

(1) *Before adjustment of the split of the nominal amount of the shares in two on 15 January 2008.*
(2) *After adjustment of the split of the nominal amount of the shares in two on 15 January 2008.*

Group net profit from recurring operations was €897 million at 30 June 2008, an increase of 7.7%. Group net profit per share from recurring operations diluted was €4.13, an increase of 6.6% on 30 June 2007, following adjustment of the split of the nominal amount of the shares by two on 15 January 2008.

Sale and repurchase agreements on four employee stock options plans were implemented in March 2008, and diluted the calculation of profit per share. The impact of these transactions is set out in note 21 – *Shareholders' equity* in the notes to the consolidated financial statements.

Business activity per geographic area is set out in the tables below:

FRANCE

In euro million	30.06.2007	30.06.2008	Organic growth	
Sales	682	711	31	+4.6%
Gross margin after logistics costs	467	496	28	+6.0%
Contribution after advertising & promotion expenses	306	325	19	+6.2%
Profit from recurring operations	134	149	15	+11.0%

EUROPE

In euro million	30.06.2007	30.06.2008	Organic growth	
Sales	2,091	2,171	140	+6.8%
Gross margin after logistics costs	1,202	1,269	89	+7.4%
Contribution after advertising & promotion expenses	890	929	55	+6.2%
Profit from recurring operations	506	530	35	+7.0%

NORTH AND SOUTH AMERICA

In euro million	30.06.2007	30.06.2008	Organic growth	
Sales	1,786	1,700	139	+8.2%
Gross margin after logistics costs	971	961	111	+11.5%
Contribution after advertising & promotion expenses	689	678	82	+12.0%
Profit from recurring operations	418	421	74	+17.8%

ASIA AND REST OF THE WORLD

In euro million	30.06.2007	30.06.2008	Organic growth	
Sales	1,884	2,007	237	+12.6%
Gross margin after logistics costs	946	1,040	166	+17.6%
Contribution after advertising & promotion expenses	601	657	103	+17.1%
Profit from recurring operations	389	422	69	+17.7%

TOTAL

In euro million	30.06.2007	30.06.2008	Organic growth	
Sales	6,443	6,589	547	+8.7%
Gross margin after logistics costs	3,587	3,766	394	+11.0%
Contribution after advertising & promotion expenses	2,486	2,588	258	+10.4%
Profit from recurring operations	1,447	1,522	192	+13.4%

Sales and volumes

Pernod Ricard's sales were up 2.3% in 2007/2008, representing organic growth of 8.7%, a negative currency effect of 4.6% and a negative perimeter variation impact of 1.6%. This splendid growth was due to:

- the continuation of a strong surge in consumption of spirits in emerging countries and of moderate growth in all Western markets;
- Pernod Ricard's focus on its Top 15 brands, accounting for more than 50% of Group sales, but also more than 70% of total marketing expenditure;
- the quality and variety of the portfolio, which enables Pernod Ricard to adapt its range on all markets, presenting world leader brands in each of the most dynamic categories on each market;
- positioning on Premium segments of the portfolio of Pernod Ricard brands (Whiskies, Cognac, Champagne), benefiting from the market's highest growth rates and increased profitability;
- Pernod Ricard's global leading position in emerging markets.
- Spirits were up by 9% over the year. The Wine business line increased by 6%, against +1% the previous year, thus confirming a recovery and considerable potential for development.

In 2007/2008, 10 of the Group's Top 15 brands posted double digit organic growth: Martell (+24%), Jameson (+21%), Mumm (+18%), Havana Club (+17%), The Glenlivet (+14%), Perrier-Jouët (+14%), Stolichnaya (+12%), Chivas (+11%), Ballantine's (+11%) and Malibu (+10%).

In millions of 9-litre cases	Volumes 30.06.2007	Volumes 30.06.2008	Net sales organic growth 30.06.2008
Chivas Regal	4.1	4.5	11%
Ballantine's	5.9	6.4	11%
Ricard	5.7	5.6	(1)%
Martell	1.6	1.6	24%
Malibu	3.5	3.7	10%
Kahlúa	2.2	2.1	(5)%
Jameson	2.3	2.6	21%
Beefeater	2.4	2.4	4%
Stolichnaya	3.1	3.4	12%
Havana Club	2.8	3.2	17%
The Glenlivet	0.5	0.6	14%
Jacob's Creek	7.8	8.0	6%
Mumm	0.6	0.7	18%
Perrier-Jouët	0.2	0.2	14%
Montana	1.4	1.4	9%
15 STRATEGIC BRANDS	**44.1**	**46.3**	**11%**

Some noteworthy successes were also notched up for certain local brands: in India, for example, Royal Stag (+20%), Imperial Blue (+26%) and Blenders Pride (+36%); in Poland, Wyborowa (+71%); in Russia, Ararat (+29%) and Olmeca (+22%); in France, Long John (+24%), and also Royal Salute (+17% worldwide).

Finally, in 2007/2008, as in the previous year, all four Regions, (France, Europe excluding France, North and South America and Asia/Rest of the World), made their own contribution to the increase in Group sales.

Contribution after advertising & promotion expenses

Contribution after advertising and promotion expenses was up 10.4% in terms of organic growth, geographically distributed as follows:

- organic growth in Asia/Rest of the World was up 17.1%, with a strong increase in gross margin caused by higher prices and development of the Top 15 brands and local Premium brands. The main driving forces behind local organic growth were Martell, Ballantine's, Chivas and Royal Salute, although the local brands Imperial and Royal Stag also make their presence felt in Korea and India respectively;
- North and South America reported growth of 12%, mainly due to dynamic activity by Chivas, Jameson and Malibu. The increase in the gross margin after logistics costs was cut back by a falling dollar, although it was also spurred on by the termination or disposal of lower profit margin operation;
- Europe produced organic growth after advertising and promotion expenses of +6.2%, attributable to development of the Top 15 and other high-performance brands such as Ararat in Russia;
- France showed an increase of 6.2% due to dynamic activity by Mumm, Chivas and Ballantine's.

Profit from recurring operations

Profit from recurring operations increased by 5.2%, an increase of 13.4% in terms of organic growth. This remarkable increase was the result of dynamic business activity, with organic sales growth of +8.7%, and a greater operating margin, up 110 basis points with an increase from 22.5% at 30 June 2007 to 23.6% at 30 June 2008 at constant exchange rates. At current exchange rate, the operating margin stood at 23.1% at 30 June 2008.

Interest (expenses) income

Interest (expenses) income from recurring operations were €(333) million, an improvement of €8 million on 2006/2007.

Net financing costs fell by €16 million to €(316) million. Other profit and expenses from recurring operations were €(17) million, as compared to €(10) million the previous year. This was chiefly accounted for by investment and structuring fees, €(11) million.

Net interest income (expenses) was €(16) million, consisting of the following:

- translation adjustments, €(15) million;

- accelerated amortization of investment and structuring fees on syndicated loans in 2005, €(12) million;
- the impact of time value variation (+€11 million) on financial instruments implemented in May 2008 to cover debt on the purchase of Vin&Sprit in July 2008.

Other income and expenses

Other income and expenses stood at €(81) million, consisting of restructuring and consolidation expenses of €(26) million, €4 million net profit from capital gains/losses on asset sales, and other net income and expenses of €(58) million, made up by the following:

- revenue of €70 million relating to the surplus (in excess of the corridor limit) of actuarial gains realised on a UK pension fund;
- an expense of €(35) million recognised as part of changes made to contracts between the Group and SPI Group, as described in note 10 on intangible assets and including depreciation of $18 million on exclusive distribution rights and $30 million plus advance interest historically granted by the Group and retained by SPI Group;
- expenses of €(74) million relating to the acquisition of Vin&Sprit.

Group net profit

Group net profit was €840 million at 30 June 2008, an increase of €9 million on 2006/2007.

Purchase of the Vin&Sprit Group

On 23 July 2008, Pernod Ricard acquired 100% of the shares in the Vin&Sprit Group (V&S), the owner of ABSOLUT, among others. The acquisition was funded by means of a syndicated multi-currency loan. No share swap or issue is planned as part of this acquisition.

V&S operates in the Wines & Spirits market. V&S produces and distributes ABSOLUT vodka, as well as other international brands, such as Cruzan rum and Plymouth gin. V&S also owns spirits brands marketed locally in Scandinavia and also distributes wine brands in this region. The ABSOLUT brand is the leading Premium vodka internationally and on the American market.

On 28 August 2008, the Pernod Ricard Group announced its agreement to sell the Cruzan brand to Fortune Brands for $100 million (i.e. €68 million).

In the United States, V&S distributed its brand portfolio via the Future Brands joint venture owned 49/51 by V&S and Fortune Brands respectively. The agreement under which V&S brands were distributed by Future Brands was contractually to expire in February 2012. At 28 August 2008, the joint venture partners agreed on the early termination of this contract in October 2008 in return for a compensatory payment of $230 million (i.e. €156 million) to be made by Pernod Ricard to Fortune Brands.

In most other markets, distribution was provided by Maxxium, a company owned jointly by V&S (25%), Fortune Brands (25%), Rémy Cointreau (25%, this holding will be withdrawn in 2009) and The Edrington Group (25%). On 3 September 2008, Pernod Ricard reached an agreement with the three other Maxxium shareholders for early termination on 1 October 2008 of the V&S brand distribution agreement, particularly ABSOLUT vodka, by Maxxium. With respect to this agreement, the Group has paid €59 million in compensation to Maxxium. In addition, V&S's 25% share in the company will be purchased by Maxxium for €60 million. This sale of shares will take place on 30 March 2009.

The costs and financing arrangement of the V&S purchase are described in note 25 – *Post balance sheet events* in the notes to the consolidated financial statements.

Pro forma financial information

General principles

Combined pro forma financial data, condensed and unaudited, show the effects of purchase of the Vin&Sprit Group ("V&S") by the Pernod Ricard Group on the latter's balance sheet. Data are posted in euros for the purposes of information, although they do not necessarily reflect the financial position of the combined entities that will emerge when the transaction is carried out.

No pro forma information has been drawn up on the income statement. Previous information on income earned by the V&S Group is set out in note 25 – *Post balance sheet events* in the notes to the consolidated financial statements at 30 June 2008.

The V&S financial statements are posted in accordance with current IFRS standards. Certain interpretations or options within the standards as chosen by V&S may differ from those used by Pernod Ricard. Adjustments for the sake of consistency of the accounting principles used by V&S to those used by Pernod Ricard are not shown below. Unaudited pro forma financial data are based on preliminary hypotheses and estimates deemed reasonable by the Group. In accordance with IFRS 3, the Group now carries out preliminary allocation of the purchase cost in order to determine the fair values at the purchase date of assets purchased and any liabilities incurred. Preliminary allocation will be presented in the accounts at 31 December 2008, and final allocation, which will be completed within 12 months, may show some differences.

V&S's financial statements are drawn up in Swedish crowns. For the purposes of drawing up the pro forma combined balance sheet, condensed and unaudited, the statements were converted to euros at the rate on 23 July 2008, the date of purchase.

Pro forma balance sheet

The unaudited pro forma balance sheet includes the effects of the purchase of V&S as if purchase had taken place on 30 June 2008. The pro forma balance sheet is the result of addition of the following:

- Pernod Ricard's audited consolidated balance sheet at 30 June 2008;
- V&S's consolidated balance sheet at 30 June 2008 (pending audit), converted to euros at the Swedish crown exchange rate on the date of purchase;
- some pro forma adjustments.

In euro million	Pernod Ricard 30.06.2008 audited	V&S at 30.06.2008 pending audit, converted to the rate at 23.07.08	Pro forma adjustments	Sale agreement and early termination of distribution contracts(1)	Combined total
Intangible assets and goodwill	10,341	404	4,887	342	15,975
Other non-current assets	2,544	516	-	(256)	2,804
Non-current assets	**12,885**	**920**	**4,887**	**87**	**18,779**
Current assets	5,546	945	(521)	-	5,970
Assets held for sale	-	-	-	128	128
TOTAL ASSETS	**18,431**	**1,865**	**4,366**	**215**	**24,876**
Shareholders' equity	6,597	962	(962)	-	6,597
Provisions for risks and contingencies	1,232	8	-	-	1,240
Deferred tax liabilities	2,128	224	-	-	2,352
Financial liabilities	6,563	404	5,327	-	12,294
Current liabilities	1,910	268	-	-	2,178
Liabilities held for sale	-	-	-	215	215
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**18,431**	**1,865**	**4,366**	**215**	**24,876**

(1) Agreement to transfer the Cruzan brand to Fortune Brands and early termination of distribution contracts with Future Brands and Maxxium.

The main adjustments presented are as follows:

- valuation of the main brands purchased (before booking any deferred tax) and booking of residual goodwill after allocation of the price;
- consideration of long-term bank debt taken on by the Group to finance the purchase;
- provisional estimate of the impact of the agreement to transfer the Cruzan brand to Fortune Brands and early termination of distribution contracts with Future Brands and Maxxium.

Among other things, intangible assets include brands purchased pending appraisal by an independent expert. The main brands that will be booked on the balance sheet at the date of purchase are international brands, chiefly ABSOLUT vodka, and local brands. The perimeter of the valued brands may experience modifications following certain management decisions.

The adjustments shown in the previous table do not reflect any impact resulting from fair value adjustments made subsequent to the V&S acquisition. The estimated amounts are not sufficiently reliable at this stage, particularly the measurement of disputes and distribution contracts other than those previously mentioned. The costs directly attributable to company restructuring are not yet accounted for in the above table, the estimation of which is in progress. These financial statements will also be adjusted to reflect the interim profit/loss generated in the period between 30 June 2008 and the acquisition date.

Cash flow and funds

Net debt was €6,143 million at 30 June 2008, against €6,515 million at 30 June 2007.

In euro million	30.06.2007 12 months	30.06.2008 12 months
Initial debt	(6,351)	(6,515)
Free cash flow	653	315
Financial asset disposal/acquisition and payment to pension funds	(757)	(278)
Dividends, treasury shares and others	(242)	(71)
Currency translation adjustments	182	405
Final debt	(6,515)	(6,143)

The fall in free cash flow was the result of effects in both directions: improved self-financing capacity, in line with growth of operating profit and less tax, countered by an increase in purchases of maturing inventories to meet business growth.

Share sale and repurchase in relation to stock option plans allowed for cash redemption of €250 million.

The sharp fall in the value of the dollar, and, to a lesser extent, of the sterling pound, considerably reduced net debt.

Detailed information on borrowing conditions and financial structures is available in notes 16 and 17 in the notes to the consolidated financial statements.

Outlook

In relation to the V&S purchase, the Pernod Ricard Group undertook to sell off the following brands: Grönstedts (cognac), Star Gin, Red Port, Dry Anis, Lubuski (gin) and Serkova (vodka). It also launched a program of disposals of non-strategic assets over the period of 12-18 months following purchase in order to reduce debt. Pernod Ricard agreed, for instance, to sell the Cruzan brand to Fortune Brands for $100 million (€68 million).

Moreover, Pernod Ricard arranged early termination of Future Brands' contract to distribute V&S brands, due to expire in February 2012, and the partners in the joint venture agreed to bring expiry forward to 1 October 2008 against a compensation given by Pernod Ricard to Fortune Brands of $230 million (€156 million). Pernod Ricard also signed an agreement for early termination of Maxxium's distribution agreement with its other three shareholders, at zero net cost.

Consequently, in an economic environment which has become generally more difficult over the 2008/2009 financial year, we expect continued strong growth in emerging economies and overall moderate growth in other markets, with mixed results and particular difficulties in Spain and in the United Kingdom.

Starting on 1 October 2008, Pernod Ricard's taking back of the distribution of ABSOLUT will speed up the implementation of synergies tied to the acquisition of Vin&Sprit, which have been revalued at €150 million on a full year basis. The goal is to see at least 50% synergies implemented for the 2008/2009 financial year, and to reach 100% in the 2009/2010 financial year.

Consequently, for the 2008/2009 financial year, after moderate growth (low to mid single digit) during the first quarter, related to higher bases of comparison and unfavourable technical effects, the Group aims at, barring a severe downturn in the economic environment, organic growth of profit from recurring operations of 8% on Pernod Ricard historical perimeter, and a strong, positive impact from Vin&Sprit's integration with strong growth for ABSOLUT vodka and the accelerated implementation of synergies.

This translates to a double digit growth target for net profit from recurring operations for the 2008/2009 financial year, based on current exchange and interest rates.

Human resources

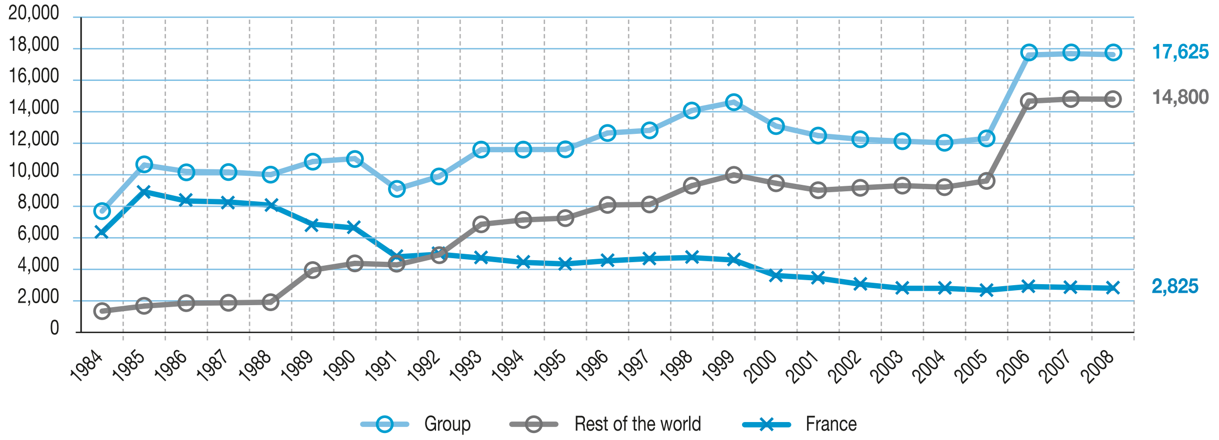
Number of employees

At 30 June 2008, the Group headcount was 17,625: 16,058 employees with an undefinite-term employment contract, and 1,567 on a limited-term contract.

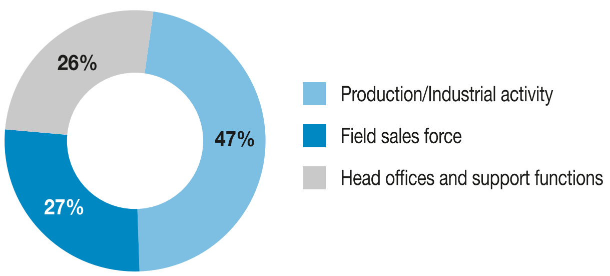
Pernod Ricard's overall headcount remained stable between 1 July 2007 and 30 June 2008.

Employee-related data does not take into account the employees at V&S, acquired on 23 July 2008.

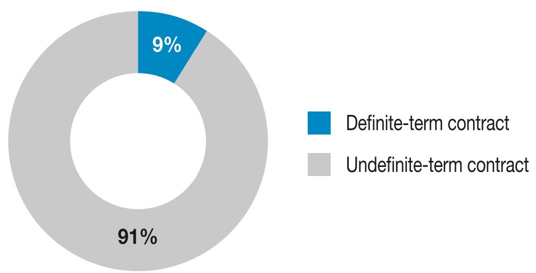
HEADCOUNT EVOLUTION SINCE 1984



DISTRIBUTION OF EMPLOYEES BY SECTORS OF ACTIVITY



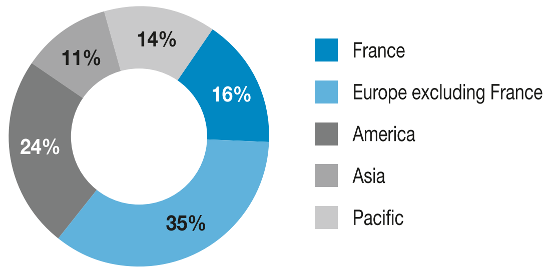
DISTRIBUTION OF EMPLOYEES BY TYPE OF CONTRACT



Group employees work in three main sectors. Group structure is quite similar to the structure employed during the previous year. The Production sector still accounts for the majority of employees **(47%)**.

Undefinite-term employment contracts have increased to account for 91% of Group staff (16,058 employees), whereas the number of definite-term contracts has fallen by 14% to account for 9% of Pernod Ricard's staff (1,567 employees). This helps channel employees into a long term career projet.

DISTRIBUTION OF EMPLOYEES WORLDWIDE AT 30 JUNE 2008



Half the Group's employees now work outside Europe, one third in Europe (excluding France), and 16% in France.

STAFF BY REGIONS

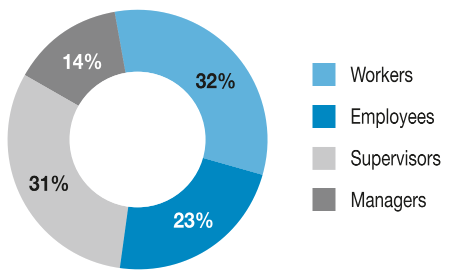
	June 2005	June 2006	June 2007	June 2008
Pernod Ricard Group	**12,308**	**17,602**	**17,684**	**17,625**
France	2,695	2,928	2,876	2,825
Europe excluding France	4,651	6,212	6,062	6,229
Americas	2,612	4,567	4,265	4,181
Asia	1,147	1,511	1,849	1,968
Pacific	1,203	2,384	2,632	2,422

TURN-OVER

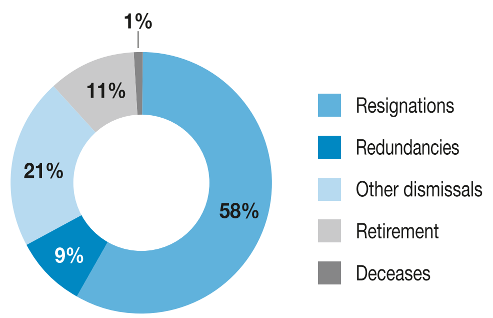
	Resignations	Average annual headcount (undefinite contracts)	Turnover rate
Workers	201	4,700	4%
Employees	403	3,646	11%
Supervisors	474	5,099	9%
Managers	125	2,414	5%
TOTAL	**1,203**	**15,859**	**8%**

Distribution of staff by socio-professional categories remained stable compared to the financial year 2006/2007.

DIS TRIBUTION OF STAFF BY CATEGORIES

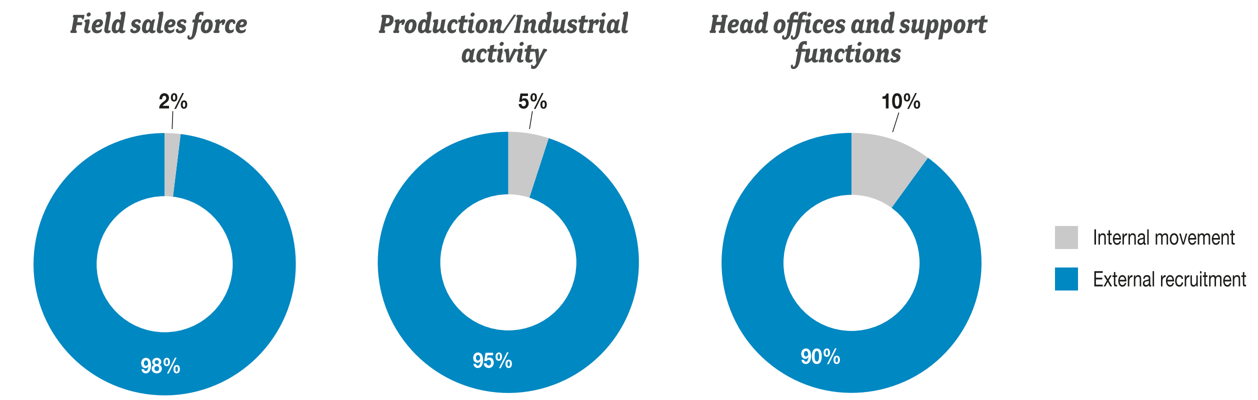


STAFF MOVEMENTS



Departure from the Group: 2,087 employees

ENTRIES IN THE GROUP BY ACTIVITIES



2,297 new Group employees were recruited externally, and 142 were transferred internally (from subsidiary to subsidiary), mainly in the Sales Force and Production/Industrial Activities.

Equity investments and stock options

Directors' equity investments in the issuer's share capital (position at 17 September 2008)

Members of the Board of Directors	Number of shares at 17.09.2008	Percentage of share capital at 17.09.2008	Number of voting rights at 17.09.2008	Percentage of voting rights at 17.09.2008
Executive Directors				
Mr Patrick Ricard (Chairman of the Board of Directors and Chief Executive Officer)	1,519,016	0.69 %	3,022,006	1.25 %
Mr Pierre Pringuet (Managing Director and Member of the Board of Directors)	130,044	0.06 %	130,044	0.05 %
Non-Executive Directors				
Mr Richard Burrows	93,760	0.04 %	93,760	0.04 %
Mr François Gérard	115,512	0.05 %	115,812	0.05 %
Mr Rafaël Gonzalez-Gallarza	1,361,632	0.62 %	1,361,632	0.56 %
Ms Françoise Hémard	47,838	0.02 %	48,932	0.02 %
Ms Danièle Ricard	180,482	0.08 %	360,964	0.15 %
Paul Ricard SA represented by Ms Béatrice Baudinet(1)	27,318,300	12.44 %	45,251,304	18.65 %
Independent Directors				
Ms Nicole Bouton	200	N.S.	200	N.S.
Mr Jean-Dominique Comolli	150	N.S.	150	N.S.
Lord Douro	660	N.S.	660	N.S.
Mr Didier Pineau-Valencienne	2,804	N.S.	2,804	N.S.
Mr Gérard Théry	540	N.S.	540	N.S.
Mr William H. Webb	720	N.S.	720	N.S.

N.S. = not significant.

(1) This includes the shares held by Paul Ricard SA and by Lirix, le Delos Invest I and le Delos Invest II, related in the sense of article L 233-3 of the Monetary and Financial Code.

Transactions carried out by Directors with regard to Pernod Ricard shares during the financial year

First name, Surname, Company name	Function	Financial instrument	Type of transaction	Date	Price In euro	Amount of transaction In euro
Mr Patrick Ricard	Chairman and CEO	Other	Exercise of options	04.03.2008	19.97	439,340
		Shares	Transfer	04.03.2008	69.52	1,529,440
Mr Pierre Pringuet	Managing Director	Other	Administered exercise of options	05.12.2007	51.33	78,022
		Other	Administered exercise of options	20.12.2007	51.33	513,300
		Other	Administered exercise of options	30.10.2007	51.33	295,148
Mr Richard Burrows	Director	Other	Exercise of options	16.11.2007	61.43	959,168
		Shares	Transfer	16.11.2007	150.68	2,352,718
		Other	Exercise of options	28.02.2008	30.72	614,400
		Shares	Transfer	28.02.2008	72.93	1,458,600
		Other	Exercise of options	28.02.2008	36.56	1,111,936
		Shares	Transfer	28.02.2008	72.93	2,218,093
		Shares	Transfer	06.05.2008	73.66	1,104,846
Lirix		Shares	Transfer	06.08.2007	153.18	11,641,634
Lirix is one of the entities related in the sense of article L. 233-3 of the Business Code to Paul Ricard SA, Director		Shares	Transfer	07.08.2007	152.74	9,470,116
		Shares	Transfer	08.08.2007	155.88	13,406,033
		Shares	Transfer	09.08.2007	157.84	14,647,858
		Shares	Transfer	10.08.2007	155.69	27,711,530
		Shares	Transfer	13.08.2007	153.51	12,876,929
		Shares	Transfer	14.08.2007	152.99	10,911,873
Le Delos Invest II is one of the entities related in the sense of article L. 233-3 of the Business Code to Paul Ricard SA, Director		Shares	Purchase	02.10.2007	155.30	20,266,350
		Shares	Purchase	03.10.2007	154.87	9,713,957
		Shares	Purchase	04.10.2007	155.46	225,000,000
Le Delos Invest I is one of the entities related in the sense of article L. 233-3 of the Business Code to Paul Ricard SA, Director		Shares	Purchase	24.09.2007	148.94	14,894,020
		Shares	Purchase	25.09.2007	149.54	19,216,314
		Shares	Purchase	26.09.2007	149.78	11,331,205
		Shares	Purchase	27.09.2007	150.02	16,269,279
		Shares	Purchase	28.09.2007	152.29	24,652,261
		Shares	Purchase	01.10.2007	153.21	13,572,936
SNC Le Garlaban is a company controlled in the sense of article L. 233-3 of the Business Code by Paul Ricard SA, Director		Shares	Transfer	20.09.2007	152.96	16,825,820
		Shares	Transfer	21.09.2007	148.02	35,406,719

Stock options or call options granted to each Executive Director, and options exercised by them during the financial year 2007/2008

Detailed information is provided in part "Corporate Governance and Internal Control". Table showing stock options or call options granted to each Executive Director, and exercised by them during the financial year 2007/2008.

Stock options or call options granted to the first ten employees in the Group other than Executive Directors, and exercised by them during the financial year 2007/2008

Detailed information is provided in part "Corporate Governance and Internal Control". Table showing stock options or call options granted to the first ten employees in the Group other than Executive Directors, and exercised by them in the course of the year.

Stock options

During the financial year, 128,483 stock options were exercised pursuant to the various stock option plans set up in favour of employees of the Pernod Ricard Group for the period from 1 July 2007 to 15 January 2008 (date of the splitting of the share and the exchange of one €3.10 share for 2 new €1.55 shares), and 202,250 stock options have been exercised since 15 January 2008. The Board of Directors recorded these share capital increases at its meetings on 23 January and on 23 July 2008. The number of Pernod Ricard shares that may still be created by exercising the stock options in force as of 30 June 2008 amounts to 1,659,650 shares.

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

Risk factors

Risks in connection with business activity

Like any business group selling widely consumed food products on a global scale, the Group's activities are subject to certain risks, such as:

- risks in connection with the international economic situation, geographic distribution of sales and the commercial aggressiveness of its competitors;
- legal risks;
- industrial and environmental risks;
- liquidity risks;
- market risks (rates, currency exchange, shares).

The last four risk categories, the courses of action implemented in order to assess them and limit their consequences as much as possible and a description of the insurance policies taken out as well as provisioning procedures to cover all risks are described in detail below.

Concerning risks in connection with the international economic situation, geographic distribution of sales and commercial aggressiveness on the part of its competitors, the Group hopes to push forward its brands, especially the Top 15, by means of advertising and promotion. Advertising and promotion increasingly target category/market pairs showing best development potential, such as emerging countries in Asia, Latin America, Central and Eastern Europe.

The Group sells in 70 different countries via one of its distribution subsidiaries, and through other distributors in countries of less importance. Our geographic distribution ought to limit the impact of economic slump and restrictions on the growth of consumption, and the Group will find markets in North America in particular, or certain countries in Western Europe.

Presentation of legal risks

In addition to disputes relating to ordinary Group activity and/or insignificant disputes, the main legal disputes and proceedings ongoing are described below.

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) and in some countries by a Cuban public company (Cubaexport). Ownership of this brand is currently being contested in the United States, as well as in Canada and Spain by a competitor of the Group.

A United States law relating in particular to the conditions for the protection of brands nationalized by the Castro regime was voted in 1998. This law was condemned by the World Trade Organization (WTO) in 2002 but to date the United States has not modified its legislation to conform to the WTO decision.

OFAC (Office of Foreign Assets Control) has decided that this same law had the effect of preventing any renewal of the "Havana Club" mark which is owned in the United States by Cubaexport. In August 2006, the United States Patent and Trademark Office (USPTO) failed to accept Cubaexport's renewal application in respect of the US registration for Havana Club following guidance from OFAC. Cubaexport has petitioned the Director of the USPTO to reverse this decision and has sued OFAC in a separate proceeding in Federal district Court for the District of Columbia challenging OFAC's decision and the law and regulations OFAC applied. Cubaexport's petition against USPTO's decision has been stayed pending the outcome of the OFAC proceeding. The outcome of this proceeding (which may be appealed) could be known by March 2009.

A competitor of the Group sought in the USPTO, to cancel the "Havana Club" trademark registration which is in the name of Cubaexport. On 29 January 2004, the USPTO rejected this action, refusing to cancel the registration. As this decision was appealed, proceedings are now pending before the Federal Court for the District of Columbia. These proceedings have been stayed pending the outcome of Cubaexport's petition in the USPTO.

In August 2006, this competitor introduced a Havana Club rum in the United States which is manufactured in Puerto Rico. Pernod Ricard USA has instituted litigation in the Federal Court for the District of Delaware claiming that the competitor is falsely claiming to own the Havana Club trademark and that this false claim and the use of "Havana Club" on rum of non-Cuban origin is misleading and should be enjoined.

The case is still pending and a trial is expected in March 2009.

HCH's rights relating to the Havana Club brand in Spain were confirmed in June 2005 by the First Instance Court in proceedings initiated in 1999 by, notably, this same competitor. This decision was appealed before the Madrid Provincial Audience by the plaintiffs but such appeal was rejected in February 2007. They have appealed before the Spanish Supreme Court the decision of the Madrid Provincial Audience. A decision regarding the admissibility of this appeal should be reached before December 2009. If the appeal is admitted, the Supreme Court will have to decide – at a later stage – on the merits of the appeal.

Champomy

During 2001, the National Institute for Appellations of Origin (INAO) and the French Comité Interprofessionnel des Vins de Champagne (CIVC) summoned Pernod Ricard and its subsidiaries before the Courts of Paris in order to request the invalidity of the Champomy brands and the prohibition from using them on the grounds that they constitute a violation of the Champagne appellation of origin. Since then, these brands have been sold to the Cadbury Schweppes group. However, Pernod Ricard has granted a warranty to the purchaser with regard to the validity of these trademarks and its contractual liability would be triggered in the event that Champomy brands are cancelled. Pursuant to a court decision of 10 May 2006, the Paris First Instance Court dismissed all the claims of INAO and CIVC. INAO and the CIVC have lodged an appeal but most of their claims were also dismissed by Paris Court of Appeal on 7 November 2007. CIVC and INAO filed an appeal to the Cour de Cassation and presented their supplemental brief in July 2008. A decision is expected in 2010.

Stolichnaya Trademark

Allied Domecq International Holdings B.V. and Allied Domecq Spirits & Wine USA, Inc., together with SPI Spirits and other parties, are defendants in an action brought in the United States District Court for the Southern District of New York by entities that claim to represent the interests of the Russian Federation on matters relating to ownership of the trademarks for vodka products in the United States. In the action, the plaintiffs challenged Allied Domecq International Holdings B.V.'s ownership of the Stolichnaya trademark in the United States, and sought to block future sales of Stolichnaya products in the United States. In addition, the plaintiffs sought damages, including the disgorgement of all related profits. On March 31, 2006, Judge George Daniels dismissed all of the plaintiffs' claims concerning Allied Domecq International Holdings B.V.'s ownership of the Stolichnaya trademark in the United States. The plaintiffs have filed in the United States Court of Appeals for the Second Circuit an appeal of the portion of the March 31, 2006 decision dismissing their trademark ownership, trademark infringement and fraud claims (as well as the dismissal of certain claims brought only against the SPI entities). That appeal has been fully briefed but oral argument has not been heard. On May 15, 2008, plaintiff Federal Treasury Enterprise Sojuzplodoimport ("FTE") moved (with the consent of all parties) to stay the appeal for one year to allow FTE and SPI Spirits to negotiate the resolution of the appeal and other cases pending around the world between FTE and SPI Spirits. On May 19, 2008, the appellate court granted that motion and stayed the appeal for one year.

Commercial disputes

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

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

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

The defendants moved to dismiss the lawsuit on a variety of grounds, including that the Court lacks subject matter jurisdiction, that Colombia is a more convenient forum, and that the Complaint, fails to state a legal claim. On 19 June 2007, the District Court granted in part and denied in part the defendants' motions to dismiss.

On 18 January 2008, the Second Circuit Court of Appeals refused to review the District Court's decision.

The Parties have now begun to take discovery regarding the Plaintiffs'claims that were not dismissed. Pernod Ricard will continue to vigorously defend itself against the claims.

Excise duties in Turkey

Allied Domecq Istanbul Iç ve Dis Ticaret Ltd.Sti ("Allied Domecq Istanbul"), as well as some of its competitors, is involved in a customs valuation dispute relating to the customs valuation of certain imports to Turkey. The main issue relates to whether the sales price of Duty Free goods can be used in declaring the customs value for import into Turkey. To date, the customs agency has commenced proceedings against Allied Domecq Istanbul in Turkey for non-compliance with customs regulations in respect of 14 imports. Allied Domecq Istanbul is actively defending its position.

Putative Class Actions in the United States

Sale of Spirits in the United States

Allied Domecq Spirits & Wine Americas Inc., Allied Domecq Spirits & Wine USA, Inc., Allied Domecq North America Corp., Hiram Walker G&W Inc., and Hiram Walker-A.V. Corp. ("Allied Domecq entities"), together with most other major companies in the Wines & Spirits segment in the U.S.A., were named and served with complaints in a number of nearly identical putative class action lawsuits. The plaintiffs alleged that the defendants engaged in a sophisticated and deceptive scheme to market and sell alcohol to underage consumers. The counts alleged included unjust enrichment, negligence, civil conspiracy, fraudulent concealment, and violations of various state consumer protection statutes. These lawsuits were filed and served in the states of Ohio, Wisconsin, Michigan, and West Virginia. Lawsuits were also filed in Colorado, North Carolina, and the District of Columbia, but did not name Allied Domecq entities as defendants. In addition, plaintiffs filed similar actions in state courts in New York and Florida. Both actions were later voluntarily dismissed by the plaintiffs.

All four lawsuits in which Allied Domecq entities were named and served – Wisconsin, Ohio, Michigan, and West Virginia – were dismissed with prejudice by the courts in those jurisdictions. The courts considering the other lawsuits also dismissed the complaints, except for the North Carolina case where the court did not issue a decision. Plaintiffs filed appeals from all of these dismissals, but after losing several appeals, the plaintiffs voluntarily dismissed all remaining cases that had not yet been decided on appeal. Accordingly, these lawsuits have all been favourably resolved by way of dismissal with prejudice.

Origin of Stolichnaya

On October 18, 2006, Russian Standard Vodka (USA), Inc. and Roust Trading Limited filed suit against Allied Domecq Spirits & Wine USA, Inc. ("ADSWUSA") and Pernod Ricard USA, Llc ("PRUSA") in the United States District Court for the Southern District of New York. On 4 December 2006, plaintiffs filed an amended complaint adding S.P.I. Group SA and S.P.I. Spirits (Cyprus) Limited (together, "SPI") as defendants. Plaintiffs allege that the defendants are engaged in false advertising under federal and New York State law, and deceptive trade practices and unfair competition, by advertising and promoting Stolichnaya vodka as "Russian Vodka" and by making certain related claims on defendants' website and in defendants' advertising. Plaintiffs also seek a declaration by the Court that they have not engaged in false advertising by virtue of their public statements challenging the "Russian" character of Stolichnaya vodka, and seek actual, statutory, compensatory, treble and punitive damages, as well as disgorgement of the Company's related profits. ADSWUSA and PRUSA moved to dismiss the declaratory judgment count and for a stay of the litigation to permit the National Advertising Division of the Council of Better Business Bureaus (the "NAD") to complete its investigation into parallel claims filed last year by PRUSA. SPI also moved to dismiss the declaratory judgment count and a claim for unjust enrichment.

In a 20 November 20 2007 decision, the Court: (1) granted ADSWUSA's and PRUSA's motion to dismiss the declaratory judgment count with respect to their past statements; (2) denied the motion to dismiss the declaratory judgment count with respect to ADSWUSA's and PRUSA's potential future statements; (3) granted SPI's motion to dismiss the declaratory judgment count; (4) dismissed as to all defendants plaintiffs' claim for unjust enrichment; and (5) stayed the case so that the NAD could complete its work and issue a decision.

On 24 January 2008, the NAD ruled on PRUSA's claims. It found that Russian Standard lacked a basis for claiming that Stolichnaya is distilled in Latvia or that anything other than filtration, bottling and shipping occur in Latvia. The NAD also accepted PRUSA's position that vodka made in Russia and bottled in Latvia is "Russian vodka". Lastly, NAD ruled that Russian Standard cannot disparage the authenticity of Stolichnaya in the abstract, although it is permitted to state specifically that Stolichnaya is filtered and bottled in Latvia and that Russian Standard believes that such steps undermine the true Russian authenticity of the product, whereas its products are made, filtered and bottled entirely in Russia.

On 8 February 2008, the defendants filed answers against the remaining claims in the court action, denying liability. The case has now entered the discovery phase, which, pursuant to a discovery schedule agreed upon by the parties (but not yet approved by the Court), will last until June 2009.

Presentation of industrial and environmental risks

For Pernod Ricard, the aim of industrial and environmental risk management is to ensure the continuity of activities and of distribution of its products to customers, and to ensure quality products production while protecting employees and also the environment.

Pernod Ricard's industrial and environmental policy is coordinated by the Group's QSE Management and its QSE team, operating a network of specialist correspondents and experts in each affiliate. Each subsidiary is fully responsible for the management of industrial risks and for the implementation of the Group policy in connection with its decentralised organisation.

Major risks identified

The major risks identified for the Group business to be subjected to risk-minimising measures are as follows:

Fire hazard (or explosions)

This is the main risk in connection with "spirits" business, which operates with inflammable alcohol products. The main risk concerns sites where oak casks for our eaux-de-vie are kept in ageing warehouses, especially considering the large amounts stored in these facilities and emptying and filling operations that are carried out. This risk is also present during distilling, blending and conditioning of eaux-de-vie and alcohols.

Of our 102 industrial sites operational at 30 June 2008, 7 sites (1 in Ireland and 6 in Scotland) were classified as high-threshold Seveso due to the volumes stored there, higher than 50,000 tons (classification by the European Directive Seveso II for the prevention of major accidents). Although there is a risk of fire at the warehousing facilities, there is very little risk of an explosion, due to storage and handling procedures. To date we have no history of explosions at aging warehouses. In relation to non-storage activities and sites, there is also very little risk of explosions, and the environment is controlled by Atex regulations governing explosive atmospheres, mainly dealing with ventilation of premises, tank vents, and limitation of ignition sources. There were no fire or explosion claims affecting Group activities over the period covered by this report.

The possible consequences of a fire on a site's activity (risk of damage to property increased by potential risk of downtime), or its environment (an internal "domino" effect, soil pollution or water pollution, impact on the surrounding area, etc.) have been examined and are covered by preventive measures.

Natural disasters

Since Pernod Ricard operates in many countries, it does incur a local risk of natural disasters. This may take the form of earthquakes, identified in Armenia, California, Mexico or New Zealand. Our wine production site in Gisborne (PR New Zealand) was affected by an earthquake in December 2007, then the Church Road and Corbans sites in August 2008. Damage was limited, and barely affected our industrial activity. Certain sites may be affected by cyclones or hurricanes. The San José factory in Cuba has implemented preventive measures to cover this contingency.

Product contamination

The risk of product contamination concerns the quality and safety of consumer products. As the Group is anxious to be in a position to offer its consumers flawless quality products, it pays particular attention to minimising the risk of solid foreign objects, such as glass particles, entering its bottles. This risk is monitored most particularly during industrial visits to subsidiaries. A number of sites already have automatic detection equipment. The risk of contamination by pollutants or chemical products is also taken into account.

Accidental spillage

The risk of pollution of soil, rivers or watertables by accidental spillage forms part of risk surveys and prevention measures implemented at our sites.

Climate risks for agriculture

The risks of climatic accidents such as frost, hail or drought can affect agricultural supplies to our subsidiaries. The portion of this risk borne by Pernod Ricard is negligible, since our subsidiaries' own production still represents much less than bought raw materials, and so risk is borne equally by farms supplying the Group. Moreover, various measures help contain the inherent risk: insurance in some cases (e.g. hailstorms on vineyards), "climatic" reserve for champagne, inventory for cognac, diversity of supply zones.

Risk prevention and management policy

The policy implemented to prevent the abovementioned risks falls into the following categories:

Continuous improvement of risk control by sites

Management of the Group's industrial activities forms part of a solid permanent policy of continuous improvement. This is implemented by a policy of site certification to international standards in terms of Quality, Safety and the Environment as the result of risks analysis in various areas and implementation of action plans to control risk. At 30 June 2008, 85% of our production sites had been certified to ISO 9001, and 70% to ISO 14001.

The task of the Technical Risk Manager working at the Group's QSE Department is to help improve risk control along with our subsidiaries. His work following risk evaluation at the subsidiaries is based on two essential courses of action:

- risk prevention (anything that can be done to prevent damage);
- risk protection (implementation of any means to contain and control disaster: automatic extinguishing, protection of the surrounding area, etc.).

To do this, risk appraisal in accordance with an annual schedule of engineering visits is arranged:

- coordination of visits by insurers (planning and monitoring). Significant sites (value in excess of €50 million) are subject to an annual visit. Other sites are checked at least once every 3 years. 31 visits were made over the financial year;
- additional technical visits before or after visits by insurance companies;
- engineering visits by our broker when necessary.

The engineering visits are mainly based on comprehension of site activity, and cover analysis and identification of the risk of damages and loss of business activity. They focus on risk control recommendations, in turn geared towards prevention and protection measures and the insurer's "Risk Mark" to monitor improvement measures over time.

An improvement plan is prepared for each site on the basis of these prioritised recommendations and includes the following:

- preventative actions and initiatives to raise awareness of the best protection measures;
- investments in site protection with the installation of automatic extinguishing systems (water or gas, as the case may be). Investment focuses on protection of existing sites (for example, provision of sprinklers at Pernod Ricard Italia's Ramazotti production facility), improvements to existing protection facilities (the improvement programme at the Yerevan Brandy Company), and protection measures for all new constructions when required (ageing warehouses for Martell eaux-de-vie, Irish Distillers, Chivas, etc.).

Investment is drawn up to an agreed plan and on the recommendation of our insurers, who are consulted for all new projects (extensions, modifications, any alterations to risk profiles, etc.). This means our sites have high-performance protection from the very outset;

- introduction of regularly-tested contingency plans to react to any problems that may arise, and also regular evacuation drills. For example, in June 2008 our Italian subsidiary held a "safety day" for all staff dealing with safety of people and objects, attended by the fire brigade, insurers and other main players in risk management.

The Technical Risk Manager advises and assists the subsidiaries in preparing improvement plans during site evaluation audits or in the event of requests for assistance. This also leads to the sharing of good practices within the Group, either directly or via a dedicated Intranet site. This site sets out the Group's prevention recommendations (infrared thermography, fire permits, management of combustible panels, surveillance of prevention apparatus, sprinkler maintenance regulations, etc.).

Reduction in business continuity risk

In general, the fact that our business activities are spread over more than 100 industrial sites and the stocks inherent in the Group's distribution channels help reduce this risk of loss of business continuity with regard to production and deliveries to our customers.

However, following examination of a number of different scenarios that could affect operating losses in major brands, a multi-annual programme of Business Continuity Management surveys was launched. The programme consists of an appraisal of the impacts of possible incidents on subsidiary activity, research to find possible solutions to minimise their impact, and finally plans to re-establish activity, with a particular focus on the implementation of emergency solutions and alternative means of production.

A study was carried out as a pilot scheme for Irish Distillers in 2007. These studies were extended to Martell and Chivas at the beginning of 2008.

Guarantee of product quality

Control of the risks of product contamination, regardless of whether these are accidental or form part of the process, is the main objective of the HACCP system implemented at production sites.

Good practice guides are drawn up along with experts at our subsidiaries (particularly to control the risk of glass particles/flakes or chemical contamination). Application is assessed by cross audits at all production sites by QSE Management.

We are assisted by a specialist consultant in relation to our insurance: this helps us test our product recall procedures, assess the risk of contamination, and train employees in product recall management.

Prevention of pollution risk

The Group is insured against environmental risks that could affect third parties and has set up action plans aimed at preventing these risks.

Good practice guides help define minimum standards and share best Group practices. Application of these practices and general control of environmental risks are also appraised by audits at subsidiaries by QSE Management.

Liquidity risk

Information about liquidity risk is set out in note 17 – *Financial instruments* in the notes to the consolidated financial statements.

Market risks (rates and currency exchange)

Information about market risks is set out in notes 17 – *Financial instruments* in the notes to the consolidated financial statements and note 18 – *Currency and interest rate derivatives* in the notes to the consolidated financial statements.

Insurance and risk coverage

For Pernod Ricard, use of insurance is a solution for financial transfer of the major risks facing the Group. This transfer is accompanied by a policy of prevention for the purpose of reducing contingencies as far as possible. The Group evaluates its risks with care in order to best adjust the level of coverage of the risks it incurs.

The Group has two types of cover: Group insurance programmes and local policies. The programmes at Group level are monitored by an insurance manager who coordinates the insurance and risk management policy, and also by a person in charge of monitoring industrial risk prevention.

Insurance policies

In order to cover the main risks, Pernod Ricard has set up international insurance programmes for all Group subsidiaries, barring exceptions due to local regulatory constraints in certain countries or as a result of more attractive conditions offered by the local market. These programmes provide the following cover:

- property damage and business interruption losses;
- operating and product liability;
- costs and losses incurred by the Group due to accidental and/or criminal contamination;
- directors' civil liability;
- damage during transport (and storage);
- credit insurance for trade receivables;
- fraud.

A number of subsidiaries have taken out additional insurance for specific needs, e.g. insurance for vineyards in Australia and Spain; insurance for vehicle fleets, etc.

Coverage

Type of insurance	Cover and limits on the main insurance policies[1]
Property damage and business interruption losses	Cover: fully comprehensive (except exclusions) Basis of compensation: – as new value for moveable property and real estate, except for certain subsidiaries, which have exceptionally chosen, with the contractual agreement of the insurers, to provide for another basis of compensation; – cost of sale for inventories, except for certain maturing stocks that are insured at cost of sale or net book value plus a fixed margin (tailored to each company); – business operating losses with a compensation period of between 12 and 24 months according to the company. Limits on compensation: – up to €550 million for Midleton (Ireland) and Martell (France), €150 million for Spanish sites, and €360 million for the rest. Furthermore, a captive insurance company provides insurance cover for an amount of €0.8 million per claim with a maximum commitment of €4 million per annum
General civil liability (operating and product liability)	Fully comprehensive cover (except for exclusions) for damage caused to third parties for up to €220 million per year of insurance
Product contamination	Cover for recall outlay, loss of business and outlay on rebuilding Pernod Ricard's image following contamination of products delivered: €20 million for accidental contamination and €40 million for criminal contamination
Directors' civil liability	Cover of up to €125 million per year of insurance
Transport	Cover of up to €15 million per claim
Credit	Cover of €50 million mainly provided for the Group's French subsidiaries and the subsidiaries of Pernod Ricard Europe
Fraud	Cover of up to €35 million per year

(1) The figures shown are the main limits. Some contracts provide specific limits for certain aspects of cover.

Means used by the Group to manage compensation for victims in the event of technological incidents triggering its liability

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

Provision for depreciation of trade receivables is allocated when objective indications exist of the Group's inability to cover the sums due in the conditions originally envisaged at the time of transaction.

Major contracts

2008 Credit Agreement

Following purchase of Allied Domecq, on 21 April 2005, the Pernod Ricard Group drew up a credit agreement with a pool of banks headed by JP Morgan Plc, Morgan Stanley Bank International Limited, BNP Paribas, The Royal Bank of Scotland Plc and SG Corporate & Investment Banking. At 30 June 2007 the sums borrowed to contract were around €3.5 billion. The full amount borrowed has now been paid off, and all credit lines opened to negotiate the credit agreement have been terminated by a new credit agreement, described below.

Within the context of purchase of V&S Vin&Sprit Aktiebolag ("V&S"), on 27 March 2008, Pernod Ricard and a number of subsidiaries drew up a new credit agreement ("the Credit Agreement") with a pool of banks headed by BNP Paribas, Calyon, J.P. Morgan Plc, Natixis, The Royal Bank of Scotland Plc and Société Générale Corporate & Investment Banking.

The main objective of this Credit Agreement was to refinance existing Group debt (including the entire sum of debt on the credit agreement of 21 April 2005) and to finance the purchase of V&S.

The main terms of the Credit Agreement are as follows:

- Facility A – a medium-term loan in euros, €1,000 million;
- Facility B – medium-term loans, including a facility in euros for €665 million and another in US dollars for $3,620 million;
- Facility C – 5-year loans, including a facility in euros for €713 million and another in US dollars for $6,518 million;
- Facility D – a 5-year loan in euros, to refinance bonds issued by Allied Domecq Financial Services Ltd for €600 million at nominal rate 5.875% with due date 12 June 2009; and
- Facility E – two lines of multi-currency revolving credit for €1,200 million and €820 million.

At 30 June 2008, borrowing on the Credit Agreement was still zero. The Credit Agreement was used in connection with payment for V&S on 23 July 2008. The sums involved in financing the purchase and refinancing existing debt came to approximately €9.1 billion.

The obligations of each of the borrowers under the Credit Agreement are guaranteed by Pernod Ricard. No actual surety was granted under the terms of the Credit Agreement.

The Credit Agreement contains the normal declarations and guarantees, and a number of the usual restrictive clauses present in such contracts, similar to those agreed in connection with the credit agreement of 21 April 2005, in particular restricting the ability of certain companies in the Pernod Ricard Group (with some exceptions) to arrange additional loans or issue guarantees on their assets, modify the general nature of Group activities and carry out certain operations involving purchases, transfers or restructuring.

The Credit Agreement also defines similar commitments to those in the credit agreement of 21 April 2005, particularly commitments to provide lenders with adequate information, adherence at the end of each half-year to two financial ratios (a cover ratio – consolidated EBITDA/consolidated net financial expenses – and a capital adequacy ratio – total consolidated net debt/consolidated EBITDA) and adherence to certain commitments that are standard for credit agreements of this kind (including the maintaining of the credit's pari passu ranking). The capital adequacy ratio must be less than or equal to 7 at 31 December 2008 and the financial expense cover ratio must be greater than or equal to 2.25 at 31 December 2008.

The Credit Agreement also makes provision for voluntary or compulsory early repayment depending on circumstances, which is normal practice in this kind of credit agreement notably (compliance with commitments, changes in control structure, cross default).

Stolichnaya

On 15 November 2000, Allied Domecq International Holdings B.V. and Allied Domecq Spirits & Wine USA, Inc. entered into a Trademark Sale, Supply and Distribution Agreement with Spirits International NV and SPI Spirits (Cyprus) Ltd. (together referred to hereinafter as "SPI Spirits"). Under this agreement, SPI Spirits appointed Allied Domecq as exclusive distributor in the United States of its various vodkas, which are distributed under the brand names Stolichnaya, Stoli and Priviet. The companies of the Allied Domecq Group agreed to purchase a minimum number of cases over the term of the agreement and to undertake a significant investment in the marketing, sale and distribution of SPI Spirits vodkas. On 24 November 2004, the Allied Domecq Group and SPI Spirits signed contracts regarding the marketing and distribution of the Stolichnaya vodka brand portfolio by the Allied Domecq Group in markets in the European Union, Latin America, Asia Pacific and Africa.

At the time of the acquisition of Allied Domecq by Pernod Ricard, this agreement was amended in September 2005 to, among other things, provide for SPI Spirits' waiver of certain change in control rights under such agreement and to grant Pernod Ricard certain rights of exclusivity and rights of first refusal with respect to the acquisition of the Stolichnaya brand, in consideration of a $125 million payment by Pernod Ricard to SPI Spirits.

On 13 March 2008, Pernod Ricard and certain affiliates entered into a Transition Agreement with SPI Spirits in connection with Pernod Ricard's proposed acquisition of V&S Vin&Sprit Aktiebolag ("V&S"). Among other things, this agreement established a framework for Pernod Ricard to continue to distribute Stolichnaya brand products during a transition period of up to 180 days following the closing of Pernod Ricard's acquisition of V&S. Pursuant to this agreement reached on 23 July 2008, Pernod Ricard assigned the US trademark registrations to substantially all of the Stolichnaya trademarks to SPI Spirits shortly after the V&S acquisition, with the remaining trademarks to be assigned at the expiration of the transition period. Following the end of the transition period, Pernod Ricard is required to pay to SPI Spirits an amount equal to profits earned by Pernod Ricard from the distribution of Stolichnaya brand products during the transition period, and SPI Spirits is required to purchase certain stocks from and make other payments to Pernod Ricard.

Jinro

On 15 February 2000, Jinro Ballantine's Company Limited was formed in South Korea. 70% of its share capital is held by Allied Domecq (Holdings) Limited ("Allied Domecq"), with the remaining 30% held by Jinro Limited, one of South Korea's largest spirits producers and distributors. Additionally, Allied Domecq purchased a 70% interest in Jinro Ballantine's Import Company Limited, with the remaining 30% held by Korea Wines & Spirits Company Ltd. The total value of Allied Domecq's 70% interest in both companies was approximately £103 million. The first of these companies bottles and distributes the Imperial Whisky brand, while the second company, which was liquidated on 4 July 2006 imported and distributed brands from Allied Domecq's international brown spirits portfolio. In addition, the distribution rights for non-brown spirits were transferred to Jinro Ballantine's Import Company Ltd in April 2004. In April-May 2003, Jinro Limited became subject to involuntary reorganisation proceedings. Following the failure of Jinro to recover from such reorganisation proceedings within 180 days, Allied Domecq sent Jinro a notice of termination of the joint venture agreement the validity of which has been affirmed under Korean law.

Suntory

In 1988, Allied Domecq entered into a series of agreements with Suntory Ltd, one of Japan's leading producers and distributors of spirits. One element of these agreements was the creation of a joint venture company in Japan called Suntory Allied Ltd, of which 49.99% of the capital and voting rights are owned by Allied Domecq and 50.01% by Suntory Ltd. Suntory Allied Ltd was granted the exclusive rights to distribute certain Allied Domecq brands in Japan until 31 March 2029.

The management of Suntory Allied Ltd is jointly controlled by Pernod Ricard, as successor-in-interest to Allied Domecq, and Suntory Ltd.

Fixed-Rate Notes 2013/ Floating-Rate Notes 2011

On 6 December 2006, Pernod Ricard issued a series of fixed-rate notes (the "Fixed-Rate Notes") and floating-rate notes (the "Floating-Rate Notes" and, along with the Fixed-Rate Notes, the "Notes"), nominal value per note €50,000, totalling a nominal amount of €550 million for the Fixed-Rate Notes and €300 million for the Floating-Rate Notes. The Notes are admitted for trading on the Luxembourg regulated Stock Exchange.

The Fixed-Rate Notes bear interest at a fixed 4.625% per annum, payable annually at expiry on 6 December of each year. The Floating-Rate Notes bear interest at a floating rate, payable quarterly at expiry date on 6 March, 6 June, 6 September and 6 December of each year. The annual floating interest rate is calculated on the basis of 3-month EURIBOR plus a margin of 0.50% per annum.

The nominal amount and the interest on the Notes are direct, unsecured and unsubordinated debts of Pernod Ricard and rank *pari passu* with all other present or future unsecured and unsubordinated Pernod Ricard notes. Pernod Ricard has moreover undertaken not to grant any guarantee with regard to notes or other securities that have been admitted or are likely to be admitted for trading on a regulated market unless the Notes benefit from similar guarantees or guarantees approved by the group of noteholders.

The Fixed-Rate Notes will be due on 6 December 2013 and the Floating-Rate Notes will be due on 6 June 2011. Noteholders may request the prepayment of Notes in the event of a change of control. Pernod Ricard also has the option or the obligation, as the case may be, of prepayment of the Notes for taxation reasons.

Demands may also be made for prepayment of the Notes after the occurrence of one of the following default instances: (i) failure by Pernod Ricard to pay any amount of any kind with regard to the Notes, (ii) failure by Pernod Ricard to fulfil or comply with any of its obligations pursuant to the Notes, (iii) the occurrence of an event of default or a payment default in respect of any other debt, for an amount exceeding €75 million, (iv) the sale of all the assets, discontinuance of the business activities or commencement of dissolution or liquidation proceedings with regard to Pernod Ricard, or (v) the appointment of an ad hoc Company Administrator or the commencement of bankruptcy or liquidation proceedings with regard to Pernod Ricard or proceedings providing for the sale of all its business.

The terms and conditions of the Notes were set out in a prospectus dated 4 December 2006 approved by the Commission de Surveillance du Secteur Financier (Supervisory Committee for the Financial Sector) and available on the Luxembourg Stock Exchange website (www.bourse.lu).

Sale and repurchase agreements

In relation to sale and repurchase agreements, Pernod Ricard resold 5,955,534 treasury shares purchased to cover certain stock option plans. For these operations, the stock held to cover a number of stock option plans was transferred to three different banks, although Pernod Ricard reserved the right through a repurchase clause to buy up these shares during exercise of options at the exercise price. These operations 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 considered that the shares involved were the property of the assignor from the outset. Thus the Group meets its legal obligation to cover purchase options with shares, at the latest on the date on which the options may be exercised.

Sale and repurchase agreements were operated to 4 plans, as follows:

Date of the sale and repurchase agreements	Number of shares assigned	Selling price, net of premium (in euros)	Dates of the Board Meetings authorising the plans
06.03.2008	2,079,776	48.0	14.06.2006
11.03.2008	1,782,028	38.8	02.11.2004
13.03.2008	1,200,000	33.7	18.12.2003
13.03.2008	893,730	45.2	25.07.2005

Current share sale and repurchase agreements and stock option plans have made it possible to receive €250 million recognised in shareholders' equity.

At 30 June 2008, 115,242 shares were bought back following exercise of the repurchase clause.

Purchase of Vin&Sprit ("V&S")

In June 2007, the Swedish parliament authorised the Swedish government to sell all of the shares in V&S Vin&Sprit Aktiebolag ("V&S"). At that time, the Kingdom of Sweden (the "Kingdom") owned all shares in V&S. In December 2007, a number of prospective buyers were invited to participate in an auction process by submitting indicative offers for all the shares in V&S. Pernod Ricard SA ("PRSA") was one of the invited prospective buyers.

Following the submission of an indicative offer, Pernod Ricard SA was selected to participate in the second round of the divestment process and, on 30 March 2008, Pernod Ricard SA and the Kingdom entered into a share purchase agreement (the "Agreement") regarding all of the shares in V&S. The acquisition was subject to clearance from the European Commission.

Pursuant to the Agreement, the purchase price for V&S corresponded to $6,050 million plus €1,450 million plus certain interest calculated for a period up to completion of the transaction. In addition to the purchase price, Pernod Ricard SA assumed V&S net debt. Before the completion of the acquisition, certain assets of V&S were distributed to the Kingdom.

Following the approval, subject to certain conditions, by the European Commission, the acquisition was completed on 23 July 2008. The approval resulted in that the V&S brands Grönstedts Cognac, Red Port, Star Gin, Dry Anis and Lubuski Gin, owned by V&S and Serkova Vodka, owned by Pernod Ricard's will have to be sold. In addition, the distribution agreements for Stolichnaya vodka outside Russia and for Royal Canadian whisky in Sweden will come to an end.

Future Brands Arrangements

V&S Vin&Sprit Aktiebolag ("V&S") is a partner of Jim Beam Brands, Co. and its parent Beam Global Spirits & Wine, Inc., a subsidiary of Fortune Brands, Inc. (together with Jim Beam Brands, Co. referred to hereinafter as "Beam") in a joint venture named Future Brands Llc, a Delaware limited liability company ("FB"), which distributes V&S' alcohol products in the US through a network of wholesalers and provides related selling and invoicing services. The ABSOLUT Spirits Company, Inc., a Delaware corporation and a wholly-owned subsidiary of V&S ("ASCI"), own with Beam respectively 49% and 51% of the membership interests of FB. The distribution arrangements provide that FB acts as the exclusive provider of distribution services in the US for V&S products and receives a commission from ASCI as well as a reimbursement of marketing and advertising expenses. These distribution arrangements were originally scheduled to expire in February 2012.

On 28 August 28 2008, V&S and ASCI signed an agreement with Beam and FB, pursuant to which, among other things, the FB distribution arrangements relating to V&S products shall be terminated as of 30 September 2008 and ASCI will withdraw as a partner in the joint venture, in consideration for a payment to Beam in the amount of $230 million. In connection with this agreement, ASCI and V&S entered into a purchase agreement on 28 August 2008, with Fortune Brands and Beam pursuant to which they agreed to sell the Cruzan rum brand and related assets to Beam Global Spirits & Wine, Inc. for an amount of $100 million. This transaction, which is subject to customary regulatory approvals, is expected to close during the 4th quarter of 2008.

Maxxium Agreement

V&S Vin&Sprit Aktiebolag ("V&S") and its German subsidiary, V&S Deutschland GmbH, entered into a shareholders agreement dated 31 May 2001 ("the Shareholders Agreement"), under which V&S Deutschland GmbH and entities ultimately owned by Fortune Brands, Inc., Remy Cointreau SA and The Edrington Group each hold 25% of the shares in Maxxium Worldwide BV ("Maxxium"). Maxxium operates a worldwide distribution network through a series of local distribution agreements with Maxxium group companies and with third parties. All V&S brands are currently distributed through the Maxxium network (except in the United States) in accordance with an Umbrella Agreement dated 31 May 2001 ("the Umbrella Agreement") to which V&S, V&S Deutschland GmbH and Maxxium are party.

On 3 September 2008 the shareholders of Maxxium announced that they had entered into an agreement for the early termination of distribution by Maxxium of the V&S brands effective on 1st October 2008. The Maxxium contracts had previously provided for an exit by V&S from distribution after a period of two years following its acquisition by Pernod Ricard together with the payment of a fee.

The Maxxium shareholders have now agreed an accelerated exit of V&S from Maxxium. In order to compensate Maxxium for this early termination, Pernod Ricard will pay Maxxium a fee of €59 million on 1 October 2008. The 25% equity stake held by Vin&Sprit in Maxxium will be redeemed by Maxxium for €60.4 million on 30 March 2009.

4 CONSOLIDATED ANNUAL FINANCIAL STATEMENT

Consolidated financial statement

In application of Article 28 of EC Regulation 809/2004 of 29 April 2004, the consolidated financial statements for the year ended 30 June 2007 that were included in the financial report section of the Group's 2007 reference document are included by reference in this document.

Annual consolidated income statement

In euro million	30.06.2007	30.06.2008	Notes
Sales	6,443	6,589	
Cost of sales	(2,856)	(2,823)	
Gross margin after logistics costs	**3,587**	**3,766**	
Advertising & promotion	(1,101)	(1,178)	
Contribution after advertising & promotion expenses	**2,486**	**2,588**	
Trading costs and overheads	(1,039)	(1,066)	
Profit from recurring operations	**1,447**	**1,522**	
Other income and expenses	20	(81)	6
Operating profit	**1,467**	**1,441**	
Net financing costs	(332)	(316)	5
Other financial income (expense)	(20)	(33)	5
Interest (expenses) income	**(351)**	**(349)**	
Corporate income tax	(260)	(224)	7
Share of net profit/(loss) of associates	1	0	
Net profit from continuing operations	**856**	**869**	
Net profit from discontinued operations	0	0	
NET PROFIT	**856**	**869**	
Including:			
– Attributable to minority interests	*25*	*29*	
– Attributable to equity holders of the Parent	*831*	*840*	
Earnings per share – basic (in euro)	3.93	3.92	8
Earnings per share – diluted (in euro)	3.87	3.87	8
Net earnings per share from continuing operations (excluding discontinued operations) – basic (in euro)	3.93	3.92	8
Net earnings per share from continuing operations (excluding discontinued operations) – diluted (in euro)	3.87	3.87	8

Consolidated annual balance sheet

Assets

In euro million	30.06.2007	30.06.2008	Notes
Net amounts			
Non-current assets			
Intangible assets	7,836	7,138	10
Goodwill	3,477	3,203	10
Property, plant and equipment	1,675	1,608	11
Biological assets	60	66	
Non-current financial assets	121	145	12
Investments in associates	2	3	
Deferred tax assets	839	722	7
NON-CURRENT ASSETS	**14,010**	**12,885**	
Current assets			
Inventories	3,563	3,717	13
Operating receivables	1,228	1,146	14
Income taxes receivable	91	48	
Other current assets	145	195	14
Current derivative instruments	51	19	12
Cash and cash equivalents	383	421	16
CURRENT ASSETS	**5,462**	**5,546**	
TOTAL ASSETS	**19,472**	**18,431**	

Liabilities

In euro million	30.06.2007	30.06.2008	Notes
Shareholders' equity			
Share capital	340	341	
Share premium	2,053	2,065	
Retained earnings and currency translation adjustments	3,067	3,175	
Group net profit	831	840	
Group shareholders' equity	**6,290**	**6,420**	
Minority interests	168	177	
TOTAL SHAREHOLDERS' EQUITY	**6,458**	**6,597**	
Non-current liabilities			
Non-current provisions	534	467	15
Provisions for pensions and other long-term employee benefits	773	478	15
Deferred tax liabilities	2,326	2,128	7
Bonds	2,511	2,352	16
Non-current derivative instruments	73	209	16
Other non-current financial liabilities	3,938	3,053	16
TOTAL NON-CURRENT LIABILITIES	**10,155**	**8,687**	
Current liabilities			
Current provisions	355	287	15
Operating payables	1,773	1,650	19
Income taxes payable	198	103	
Other current liabilities	141	130	
Other current financial liabilities	375	950	16
Current derivative instruments	16	27	
TOTAL CURRENT LIABILITIES	**2,859**	**3,147**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**19,472**	**18,431**	

Shareholders' equity

Statement of gains and losses for the period

In euro million	30.06.2007	30.06.2008
Net investment hedges		
Amount recognised in shareholders' equity	164	91
Amount recycled in net profit	-	-
Cash flow hedges		
Unrealised gains and losses recognised in shareholders' equity	(20)	(21)
Removed from equity and included profit/loss following a disposal	0	0
Available-for-sale financial assets		
Unrealised gains and losses recognised in shareholders' equity	0	0
Removed from equity and included profit/loss following a disposal	0	1
Exchange differences	15	(770)
Tax on items recognised directly in shareholders' equity	(14)	(16)
Other adjustments	-	-
Net gains (losses) recognised in shareholders' equity	145	(715)
Net profit for the period	856	869
TOTAL GAINS AND LOSSES FOR THE PERIOD	**1,001**	**154**
Including:		
– Attributable to equity holders of the Parent	*976*	*139*
– Attributable to minority interests	*25*	*15*

Changes in shareholders' equity

In euro million	Share capital	Additional paid-in capital	Consolidated reserves	Changes in fair value	Currency translation adjustments	Shares held by subsidiaries	Total attributable to equity holders of the Parent	Minority interests	Total shareholders' equity
At 07.01.2006	**292**	**2,539**	**3,261**	**53**	**(135)**	**(309)**	**5,700**	**172**	**5,872**
Reclassification[1]	-	-	(176)	-	176	-	0	0	0
Currency translation adjustments	-	-	-	-	0	-	0	0	0
Net investment hedge	-	-	-	-	164	-	164	-	164
Fair value of cash flow hedges, net of deferred tax	-	-	-	(21)	-	-	(21)	-	(21)
Income and expenses recognised directly through equity	**-**	**-**	**-**	**(21)**	**165**	**-**	**145**	**0**	**144**
Net profit	-	-	831	-	-	-	831	25	856
Total recognised income and expenses	**-**	**-**	**831**	**(21)**	**165**	**-**	**976**	**25**	**1,001**
Effect of transfer of all assets and liabilities of Santa Lina (TUP)	(10)	(462)	451	-	-	21	0	-	0
Capital increase	58	(24)	-	-	-	-	34	-	34
Share-based payment	-	-	29	-	-	-	29	-	29
Purchase/sale of treasury shares	-	-	-	-	-	(25)	(25)	-	(25)
Dividends distributed	-	-	(355)	-	-	-	(355)	(29)	(384)
Changes in scope of consolidation	-	-	(17)	-	(39)	-	(57)	(4)	(60)
Other movements	-	-	(13)	-	-	-	(13)	4	(10)
At 30.06.2007	**340**	**2,053**	**4,012**	**32**	**167**	**(313)**	**6,290**	**168**	**6,458**

(1) *In accordance with the option provided by IFRS 1 and retained by the Group to reset currency translation adjustments to zero at 1 July 2004.*

In euro million	Share capital	Additional paid-in capital	Consolidated reserves	Changes in fair value	Currency translation adjustments	Shares held by subsidiaries	Total attributable to equity holders of the Parent	Minority interests	Total shareholders' equity
At 07.01.2007	**340**	**2,053**	**4,012**	**32**	**167**	**(313)**	**6,290**	**168**	**6,458**
Currency translation adjustments	-	-	-	-	(756)	-	(756)	(14)	(770)
Net investment hedge	-	-	-	-	79	-	79	-	79
Fair value of cash flow hedges, net of deferred tax	-	-	-	(24)	-	-	(24)	-	(24)
Income and expenses recognised directly through equity	**-**	**-**	**-**	**(24)**	**(677)**	**-**	**(701)**	**(14)**	**(715)**
Net profit	-	-	840	-	-	-	840	29	869
Total recognised income and expenses	**-**	**-**	**840**	**(24)**	**(677)**	**-**	**139**	**15**	**154**
Capital increase	1	12	-	-	-	-	13	-	13
Share-based payment	-	-	36	-	-	-	36	-	36
Purchase/sale of treasury shares	-	-	1	-	-	(55)	(54)	-	(54)
Sale and repurchase agreements	-	-	-	-	-	251	251	-	251
Dividends distributed	-	-	(271)	-	-	-	(271)	(13)	(283)
Changes in scope of consolidation	-	-	2	-	(4)	-	(1)	1	0
Other movements	-	-	17	-	-	-	17	5	22
At 30.06.08	**341**	**2,065**	**4,637**	**8**	**(514)**	**(117)**	**6,420**	**177**	**6,597**

Consolidated annual cash flow statement

In euro million	30.06.2007	30.06.2008	Notes
Cash flow from operating activities			
Group net profit	831	840	
Minority interests	25	29	
Share of net profit/(loss) of associates, net of dividends received	(1)	0	
Financial (income) expense	351	349	
Income tax expense	260	224	
Net profit from discontinued operations	0	0	
Depreciation of fixed assets	149	166	
Net changes in provisions	(303)	(276)	
Net change in impairment of goodwill and intangible assets	3	3	
Changes in fair value of commercial derivatives	0	(1)	
Fair value adjustments on biological assets	(1)	(7)	
Net (gain)/loss on disposal of assets	(30)	(4)	
Share-based payment	29	36	
Decrease/(increase) in working capital	(149)	(513)	20.1
Interest paid	(374)	(391)	
Interest received	12	25	
Income tax paid	(743)	(261)	
Income tax received	11	48	
Cash flow from operating activities	**69**	**268**	
Cash flow from investing activities			
Capital expenditure	(242)	(273)	20.2
Proceeds from disposals of property, plant and equipment and intangible assets	102	66	
Cash expenditure on acquisition of non-current financial assets	(41)	(27)	
Cash proceeds from disposals of non-current financial assets	8	5	
Cash flow from investing activities	**(173)**	**(229)**	
Cash flow from financing activities			
Dividends paid	(251)	(280)	
Other changes in shareholders' equity	34	10	
Issuance of long term debt	1,449	742	20.3
Repayment of long term debt	(1,217)	(626)	20.4
(Acquisition)/disposal of treasury shares	(25)	196	
Net change in cash flow from financing activities	**(9)**	**42**	
Increase/(decrease) in cash and cash equivalents (before effect of exchange rate changes)	(113)	81	
Net effect of exchange rate changes	49	(43)	
Increase/(decrease) in cash and cash equivalents (after effect of exchange rate changes)	(64)	38	
Cash and cash equivalents at beginning of period	**447**	**383**	
Cash and cash equivalents at end of period	**383**	**421**	

Notes to the consolidated annual financial statements

Pernod Ricard 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 Etats-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 (hereafter the "Group"). They are presented in euros rounded to the nearest million.

The Group's business is the sale of Wines & Spirits.

The consolidated annual financial statements for the financial year ended 30 June 2008 were approved by the Board of Directors on 17 September 2008.

Note 1 Accounting principles

1. Principles and accounting standards governing the preparation of the 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 2008 have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union. These standards include the standards approved by the International Accounting Standards Board (IASB), being IFRS, IAS (International Accounting Standards) and their interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or its predecessor, the Standing Interpretations Committee (SIC). The accounting policies used in preparing the consolidated financial statements for the year ending 30 June 2008 are in accordance with those used for the consolidated financial statements for the year ending 30 June 2007, except for standards and interpretations adopted by the European Union that are applicable as from 1 July 2007 (See note 1.2).

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

2. Changes in accounting standards

The following standards and interpretations have become applicable for the preparation of the consolidated annual financial statements at 30 June 2008:

- IFRS 7 (*Financial liabilities – disclosures)* and amendment to IAS 1 (*Presentation of financial statements – capital disclosures).* The application of IFRS 7 and the amendment to IAS 1 have resulted in the inclusion of additional information in the financial statements, but have had no effect on the performance and financial status of the Group. The key points of the new information required under IFRS 7 are set out in notes 14, 16 and 17. The information required under the amendment to IAS 1 is set out in note 21;

- IFRIC 10 (*Interim financial information and impairment*). This interpretation states that where an impairment loss is recognised in an interim period in virtue of goodwill or certain financial assets, that impairment should not be reversed in subsequent interim or annual financial statements. This interpretation does not have a material impact on the consolidated annual financial statements at 30 June 2008;
- IFRIC 11 (*Group and treasury share transactions*). This interpretation clarifies the process of recognising share-based payments involving the purchase by the entity of its own shares and share-based payments made by a subsidiary using the Parent Company's equity instruments. This interpretation does not have a material impact on the consolidated annual financial statements at 30 June 2008.

The consolidated financial statements do not take into account:

- draft standards and interpretations which still have the status of exposure drafts of the IASB and the IFRIC at the balance sheet date;
- new standards, amendments to existing standards and interpretations published by the IASB but not yet approved by the European Accounting Regulatory Committee at the balance sheet date. These include:
  - IAS 1 Revised (*Presentation of financial statements*), which modifies certain items to be shown in financial statements and imposes the requirement to present a statement of comprehensive income. Application of this standard will have no impact on the financial status of the Group, but may alter the way in which its consolidated financial statements are presented,
  - IAS 23 revised (*Borrowing costs*), which removes the option of immediately recognising as an expense those borrowing costs directly related to the acquisition, construction or production of a qualified asset. The Group has examined the possible impacts of this standard on its consolidated financial statements,
  - IFRS 3 Revised (*Business combinations*), IAS 27 Amended (*Consolidated and separate financial statements*), IFRS 2 Amended (*Vesting conditions and cancellations*), IAS 32 and IAS 1 Amended (*Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation*), IFRS 1 and IAS 27 Amended (*Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*), IAS 39 Amended (*Eligible hedged items*) and the first IFRS annual improvements exposure draft. The Group has examined the possible impacts of these standards and amendments on its consolidated financial statements,
  - IFRIC 12 interpretations (*Service concession arrangements*), IFRIC 13 (*Customer loyalty programmes*) and IFRIC 15 (*Agreements for real estate construction*), which were found not to apply to the Group,
  - IFRIC 14 interpretations (*The Limit on a defined benefit asset, minimum funding requirements and their interaction*) and IFRIC 16 (*Hedges of a Net Investment in a Foreign Operation*). The Group has examined the possible impacts of these interpretations on its consolidated financial statements;
- standards and interpretations published by the IASB and adopted by the European Union on the balance sheet date, but necessarily applicable to periods commencing after 1 July 2007. This is the case with IFRS 8 (*Operating segments*), which will be necessarily applicable to periods commencing on or after 1 January 2009. IFRS 8, which replaces IAS 14, requires adoption of the approach used by Management when presenting operating segments. The Group is examining the possible impacts of this standard on its consolidated financial statements.

3. Consolidation scope and methods

The consolidated financial statements include the financial statements of the Parent Company, Pernod Ricard SA, and those of entities controlled by the Parent Company ("the subsidiaries"). Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, irrespective of the percentage held in the entity. Minority interests in the net assets of consolidated subsidiaries are presented separately from Parent Company shareholders' equity. Minority interests include the amount of such minority interests at the date of the original business combination and minority interests in changes in shareholders' equity since the date of the business combination.

Intragroup transactions and internal profits and losses relating to consolidated companies are eliminated.

Companies over which the Group exercises significant influence are accounted for under the equity method.

4. Measurement basis

The financial statements are prepared in accordance with the historical cost method, except for certain categories of assets and liabilities, which are measured in accordance with the methods provided for by IFRS.

5. Principal uncertainties arising from the use of estimates and judgment by Management

Estimates – The preparation of consolidated financial statements in accordance with IFRS requires that Management makes a certain number of estimates and assumptions which have an impact on the amount of the Group's assets, liabilities, shareholders' equity and items of profit and loss during the financial year. These estimates are made on the basis of the going concern assumption and are prepared on the basis of the 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 (brands for example), specific impairment tests are applied where there is an indication that the value of an intangible asset may have been impaired. Any impairment loss recognised is calculated using discounted future cash flows and/or the market values of the related assets in question. These calculations require the use of assumptions regarding market conditions and any changes in these assumptions may thus lead to outcomes different from those initially estimated. Net goodwill was measured at €3,203 million at 30 June 2008, compared with €3,477 million at 30 June 2007. Other net intangible assets (chiefly brands) were measured at €7,138 million at 30 June 2008, compared with €7,836 million at 30 June 2007.

The data and assumptions used for the impairment tests applied to the goodwill and intangible assets with indefinite useful lives of Cash Generating Units (CGUs) are as follows:

	Method used to determine the recoverable amount	Carrying amount of goodwill at 30.06.2008	Carrying amount of brands and other intangible assets at 30.06.2008	Value in use		
				Discount rate	Period over which cash flows are discounted	Growth rate
France	Value in use based on the discounted cash flow method	224	470	7.0%	Infinite	From (2)% to 2%
Europe		1,196	2,767	7.7%	Infinite	From (2)% to 2%
Americas		1,048	2,254	7.1%	Infinite	From (2)% to 2%
Asia/ Rest of the World		735	1,646	6.7%	Infinite	From (2)% to 2%

Provisions for pensions and other post-employment benefits – As indicated in note 1.18, the Group participates in defined benefit and defined contribution pension plans. In addition, provisions are also recognised in virtue of certain other post-employment benefits such as life assurance and medical care (mainly in the United States and the United Kingdom). The carrying amount of these provisions at the balance sheet date is set out in note 15.

All of these benefit obligations are evaluated on the basis of actuarial calculations which involve use 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 2008 and their methods of determination are set out in note 15. The Group considers that the actuarial assumptions used are appropriate and justified, however changes that could be made to such actuarial assumptions in the future may have a material impact on the amount of the Group's benefit obligations and on its results.

A change of one point in the rate of increase of medical and healthcare expenses would have an impact of approximately €13 million on the amount of the benefit obligation in respect of post-employment medical and healthcare coverage.

Deferred taxes – As indicated in note 1.21, the deferred tax assets recognised result mainly from tax loss carryforwards and from timing differences between the tax and book values of assets and liabilities. Deferred tax assets in respect of tax losses are recognised if it is probable that the Group will have future taxable profits against which such losses will be used. At 30 June 2008, the amount of deferred tax assets is €722 million and is set out in detail in note 7. Assessment of the Group's ability to use these tax loss carryforwards involves a significant degree of judgment. The Group analyses the positive and negative evidence which enable it to estimate the probability of it being able to use these tax loss carryforwards in the future.

Provisions – As indicated in note 15, the Group is involved in some litigation and claims in the ordinary course of business. In some cases, the amounts requested by the claimants are significant and the legal proceedings can take several years. In this context, provisions are calculated on the basis of the Group's best estimate of the amount that will be payable based on the information available (notably that provided by the Group's legal advisors). Any change to assumptions can have a significant effect on the amount of the provision recognised. The carrying amount of these provisions at the balance sheet date is set out in note 15.

Judgements – In the absence of standards or interpretations applicable to a specific transaction, Group Management uses its judgment to define and apply those accounting policies that will provide relevant and reliable information in the context of the preparation of the financial statements.

6. Business combinations

Business combinations completed as from 1 July 2004 are recognised according to the purchase accounting method, in application of IFRS 3 *(Business combinations)*. Identifiable assets, liabilities and contingent liabilities of the acquired entity are recognised at fair value at the date of acquisition, after an allocation period of a maximum duration of 12 months from the date of acquisition. Cost of acquisition is measured at the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of acquisition, plus any costs directly attributable to the acquisition. The excess of the cost of acquisition over the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill and is subject to impairment tests, at least once a year and as soon as there is an indication that it may be impaired. Goodwill relating to the acquisition of foreign entities is denominated in the functional currency of the acquired entity.

7. Goodwill and intangible assets

Goodwill – Goodwill is subject to an impairment test at least once a year and as soon as there is an indication that its value may have been impaired. To perform these tests, goodwill is allocated by geographical area on the basis of asset groupings at the date of each business combination. These asset groupings correspond to groups of assets which jointly generate identifiable cash flows that are largely independent. The methods and assumptions used for impairment tests in respect of these asset groupings are set out in note 1.9. If impairment is identified, an impairment loss is recognised in profit and loss for the financial year.

Intangible assets – Intangible assets are measured at cost on initial recognition. With the exception of brands, 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 correspond to the fair value of the brands at the date of acquisition. As the Group's brands are intangible assets with indefinite useful lives, they are not amortised but are rather subject to an impairment test at least once a year and as soon as there is an indication that their value may have been impaired. Brands acquired as part of acquisitions of foreign entities are denominated in the functional currency of the acquired entity.

8. Property, plant and equipment

Property, plant and equipment are recognised at acquisition cost and are analysed by component. Depreciation is calculated on a straight-line basis or, in certain cases, using the declining balance method over the estimated useful life of the assets. The useful life is reviewed on a regular basis. Items of property, plant and equipment are written down when impaired; i.e., when their recoverable amount falls below their carrying amount. The average depreciable lives for the major categories of property, plant and equipment are as follows:

Buildings	15 to 50 years
Machinery and equipment	5 to 15 years
Other property, plant and equipment	3 to 5 years

In accordance with IAS 17, assets acquired under finance lease contracts are capitalised, and a corresponding lease obligation liability is recognised, when the lease contract transfers substantially all the risks and rewards related to the asset to the Group. Buildings which have been subject to sale and lease back contracts are treated in a similar manner.

Depreciation of property, plant and equipment is recognised within operating profit in the income statement.

9. Impairment of non-current assets

In accordance with IAS 36, intangible assets and property, plant and equipment are subject to impairment tests as soon as there is an indication that the value of the asset has been impaired and at least once a year for non-current assets with indefinite useful lives (goodwill and brands). Where the carrying amount of these non-current assets becomes greater over a sustained period of time than the highest of either their value in use or their market value, an impairment loss is recognised within operating profit.

Assets subject to impairment tests are included into Cash-Generating Units (CGUs), corresponding to linked groups of assets, which generate identifiable cash flows. The CGUs include assets related to the Group's brands and are allocated in accordance with the four geographical areas defined by the Group, on the basis of the sale destination of the products.

When the recoverable amount of a CGU is less than its carrying amount, an impairment loss is recognised within operating profit. The recoverable amount of the CGU is the higher of its market value and its value in use. Value in use is calculated using profit projections over a 20-year period, prepared using management forecasting tools (for the first 3 years) and using an estimate for the following years based on long term trends by market of the brands in question. The calculation allows for a terminal value which is calculated by taking the growth and profitability profile of each brand into account. The discount rate applicable takes into account the geographical distribution of profits.

The discount rate used for these calculations is an after-tax rate applied to after-tax cash flows and corresponds to the weighted average cost of capital, which amounted to 7.2% at 30 June 2008, compared to 7.1% at 30 June 2007. A different discount rate was used to allow for risks specific to certain markets or geographical areas in calculating cash flows. Assumptions made in terms of future changes in sales and of terminal values are reasonable and in accordance with market data available for each of the CGUs. Additional impairment tests are applied where events or specific circumstances suggest that a potential impairment exists.

10. Foreign currency translation

10.1 Reporting currency used in the consolidated financial statements

The Group's consolidated financial statements are prepared in euros, 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 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 at balance sheet date. Foreign currency differences are recognised in profit and loss for the period, except for foreign currency differences arising on debts designated as hedges for the net foreign currency assets of consolidated subsidiaries. These latter differences are recognised directly in currency translation adjustments, within shareholders' equity, until the disposal of the net investment. Foreign currency differences related to operating activities are recognised within operating profit for the period; foreign currency differences related to financing activities are recognised within interest (expenses) income or shareholders' equity.

10.4 Translation of financial statements of subsidiaries whose functional currency is different from the euro (the reporting currency)

The balance sheet is translated into euros at year-end exchange rates. The income statement and cash flows are translated on the basis of average exchange rates. Differences resulting from the translation of the financial statements of these subsidiaries are recognised in currency translation adjustments within shareholders' equity. On disposal of a foreign entity, currency translation adjustments previously recognised in shareholders' equity are recognised through net profit.

11. Research and Development costs

In the context of the Group's activities, and in accordance with IAS 38 (*Intangible assets*), Research and Development costs are recognised as expenses in the financial year during which they are incurred, except for certain development costs which meet the capitalisation criteria prescribed by the standard. Application of this policy did not lead the Group to capitalise a significant amount of development costs in the financial years ended 30 June 2008 and 30 June 2007.

12. Assets held for sale and discontinued operations

In accordance with IFRS 5 (*Non-current assets held for sale and discontinued operations*), assets and liabilities held for sale are not subject to depreciation or amortisation. They are shown separately in the balance sheet for an amount corresponding to the lowest of either their carrying amount or their fair value, minus costs to sell. An asset is considered as being held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In order for this to be the case, the asset must be available for immediate sale and its sale must be highly probable. A discontinued operation represents a major line of business or geographical area of operations for the Group that is subject either to a sale or to reclassification as an asset held for sale. Balance sheet items related to discontinued operations held for sale are presented under specific captions in the consolidated financial statements. Income statement items related to discontinued operations are separately presented in the financial statements for all periods reported upon if they are important from a Group perspective.

13. Inventories

Inventories are measured at the lowest of either cost (acquisition cost and cost of production, including indirect production overheads) or net realisable value. Net realisable value is the selling price less the estimated costs of completion and sale of the 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 maturing costs but excludes finance costs. These inventories are classified in current assets, although a substantial part remains in inventory for more than one year before being sold in order to undergo the ageing process used for certain Wines and Spirits.

14. Agriculture

IAS 41 (*Agriculture*) sets out the accounting treatment of operations involving biological assets (for example, vines) destined for sale or for agricultural produce (for example, grapes). IAS 41 was specifically adapted to the accounting treatment of vines and grapes, which make up the principal agricultural activities of the Group. A similar accounting treatment however applies to other biological assets (for example, agave fields). IAS 41 requires that biological assets (vines) and their production (harvests) be recognised at fair value on the balance sheet, after deducting estimated costs to sell, as from the date at which it is possible to obtain a reliable assessment of price, for example by reference to an active market. Changes in fair value are recognised in profit and loss statements. Land on which biological assets are planted is measured in accordance with IAS 16.

15. Financial liabilities and derivative instruments

IAS 32 and IAS 39 relating to financial instruments have been applied as of 1 July 2004. IFRS 7 has been applied from 1 July 2007.

15.1 Derivative instruments

In application of the amended version of IAS 39 (*Financial instruments: recognition and measurement*), all derivative instruments must be recognised in the balance sheet at fair value, determined on the basis of valuation models recognised on the market or of external listings issued by financial institutions.

Where the derivative has been designated as a fair value hedge, changes in the value of the derivative and of the hedged item are recognised in profit and loss for the same period. If the derivative has been designated as a cash flow hedge, the change in value of the effective component of the derivative is recognised in shareholders' equity. It is recognised in profit and loss when the hedged item is itself recognised in profit and loss. The change in value of the ineffective component of the derivative is however recognised directly through 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.

15.3 Compound instruments

Certain financial instruments comprise both a debt component and an equity component. The different components of these instruments are recognised in shareholders' equity and in financial liabilities for their respective amounts, in accordance with the amended version of IAS 32 (*Financial instruments: presentation and disclosure*). Thus, if a financial instrument includes different components, certain of which have the characteristics of debt instruments and others those of equity instruments, the issuer must classify these different components separately from each other. A single instrument must, if applicable, be partly recognised within financial liabilities and partly within equity. This category of instruments includes financial instruments that create a liability for the issuer and that grant an option to the holder of the instrument to convert it into an equity instrument of the issuer. When the nominal amount of a compound financial instrument is allocated to its equity and debt components, the equity component is equal to the difference between the nominal value of the instrument and the debt component. The debt component is calculated using the market value of a similar liability that does not have an associated equity component.

16. Financial assets

Financial assets are recognised on the date of transaction.

16.1 Available-for-sale financial assets

Available-for-sale financial assets include the Group's investments in non-consolidated companies and in securities which do not satisfy the criteria for classification as short-term investments included in cash equivalents. On initial recognition, they are measured at cost. At subsequent balance sheet dates, available-for-sale financial assets are measured at fair value where this can be measured reliably. Changes in fair value are recognised directly in shareholders' equity except where a reduction in value compared with the historical acquisition cost constitutes a material 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 financial asset fair value quoted on a financial market is its stock market value. The measurement criteria normally applied to available-for-sale financial assets are as follows: the proportion of shareholders' equity and future profitability.

16.2 Loans and receivables

This category mainly includes investment-related loans and receivables, current account advances granted to associates and non-consolidated entities and guarantee deposits. The loans and receivables related to these investments are measured at their impaired cost value.

16.3 Operating receivables

Trade receivables are recognised initially at their fair value, which is usually equivalent to their par value. Impairment losses are recognised on the basis of their 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 and cash equivalents are composed of cash at bank and on hand, short-term deposits with an initial maturity of less than three months and UCITS and money-market mutual funds which 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).

18.2 Provisions for restructuring

The cost of restructuring is fully provided for in the financial year, and is recognised in profit and loss within "other income and expenses", when it is material and results from a Group obligation to third parties arising from a decision taken by the appropriate board that has been announced to the third parties in question before the balance sheet date. These costs mainly involve redundancy payments, early-retirement payments, costs of notice periods not served, training costs of departing individuals and costs of site closure. Scrapping of property, plant and equipment, impairment of inventories and other assets, as well as other costs (moving costs, training of transferred individuals, etc.) directly related to the restructuring measures are also recognised in restructuring costs. The amounts provided for correspond to forecasted future payments to be made in connection with restructuring plans, discounted to present value when the timetable for payment is such that the effect of the time value of money is significant.

18.3 Provisions for pensions and other long-term employee benefits

In accordance with applicable national legislation, the Group's employee benefit obligations are composed of:

- long-term post-employment benefits (retirement bonuses, pensions, medical and healthcare expenses, etc.);
- long-term benefits payable during the period of employment.

Defined contribution plans – Contributions are recognised as expenses as they are incurred. As the Group is not committed beyond the amount of such contributions, no provision is recognised in respect of defined contribution plans.

Defined benefits plans – For defined benefit plans, the projected unit credit method is used to measure the present value of defined benefit obligations, current service cost and, if applicable, past service cost. The measurement is made at each balance sheet date and the personal data concerning employees is revised at least every three years. The calculation requires the use of economic assumptions (inflation rate, discount rate, expected return on plan assets) and assumptions concerning employees (mainly: average salary increase, rate of employee turnover, life expectancy). Plan assets are measured at their market value at each annual balance sheet date. The balance sheet provision corresponds to the discounted value of the defined benefit obligation, adjusted for unrecognised past service cost and unrecognised actuarial gains and losses, and net of the fair value of plan assets. Actuarial gains and losses mainly arise where estimates differ from actual outcomes (for example between the expected value of plan assets and their actual value at the balance sheet date) or when changes are made to long-term actuarial assumptions (for example: discount rate, rate of increase of salaries). In the case of long-term benefits payable during the period of employment (such as long-service awards), any actuarial gains and losses are fully recognised at each balance sheet date. In other cases, actuarial gains and losses are only recognised when, for a given plan, they represent more than 10% of the greater of the present value of the benefit obligation and the fair value of plan assets (termed the "corridor" method). Recognition of the provision is on a straight-line basis over the average number of remaining years' service of the employees in the plan in question (amortisation of actuarial gains and losses). The expense recognised in respect of the benefit obligations described above incorporates:

- expenses corresponding to the acquisition of an additional year's rights;
- interest cost;
- income corresponding to the expected return on plan assets;
- income or expense corresponding to the amortisation of actuarial gains and losses;
- past service cost; recognised on a straight-line basis over the average residual period until the corresponding benefits vest with employees;
- income or expense related to changes to existing plans or the creation of new plans;
- income or expense related to any plan curtailments or settlements.

The expense arising from the change in net obligations for pensions and other long-term employee benefits is recognised within operating profit or within interest (expenses) income on the basis of the nature of the underlying.

The Group does not participate in multi-employer plans.

19. Sales

Revenue is measured at the fair value of the consideration received or to be received, after deducting trade discounts, volume rebates and sales-related taxes and duties. Sales are recognised when the significant risks and rewards of ownership have been transferred, generally at the date of transfer of ownership title.

19.1 Cost of services rendered in connection with sales

Pursuant to IAS 18 *(Revenue)*, certain costs of services rendered in connection with sales, such as advertising programmes in conjunction with distributors, listing costs for new products and promotional activities at point of sale, are deducted directly from sales if there is no separately identifiable service whose fair value can be reliably measured.

19.2 Duties and taxes

In accordance with IAS 18, certain import duties in Asia 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 net sales (excluding tax and duties).

20. Gross margin after logistics costs, contribution after advertising & promotion expenses, profit from recurring operations and other income and expenses

Gross margin after logistics costs refers to sales (excluding duties and taxes), sales expenses and logistics costs. The Group intends to use this performance indicator from now on. Contribution after advertising & promotion expenses includes gross margin and expenses related to marketing and sales. Profit from recurring operations 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 operating expenses. These other income and expenses have been excluded from profit from recurring operations because the Group believes that these items have little predictive value due to their nature, frequency and/or materiality. The nature of these other income and expenses is set out in note 6.

21. Deferred tax

Deferred tax is recognised on all temporary differences between the tax and book value of assets and liabilities in the consolidated balance sheet and is measured using the balance sheet approach. The effects of changes in tax rates are recognised in shareholders' equity or in profit and loss in the year in which the change of tax rates is decided. Deferred tax assets are recognised in the balance sheet when it is more likely than not that they will be recovered in future years. Deferred tax assets and liabilities are not discounted. In order to evaluate the Group's ability to recover these assets, account is notably taken of forecasts of future taxable profits.

22. Share-based payment

In accordance with the option provided by IFRS 1, the Group applies IFRS 2 (*Share-based payment*) as from 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 increasing 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

On 31 March 2008, the Group announced that its bid for the acquisition of the Swedish Vin&Sprit Group had been accepted. Completed on 23 July 2008, the details of the transaction are contained in the note on post-year-end events.

Note 3 Scope of consolidation

No significant acquisition or disposal took place during the period.

Note 4 Segment reporting

The Group is structured into four primary segments constituted by the following geographic regions: France, Europe, the Americas and Asia/Rest of the World. Following its various restructuring initiatives, the Group is now focused on the single business line of Wines and Spirits sales. Items in the income statement and the balance sheet are allocated on the basis of either the destination of sales or of profits. Reporting by geographical segment follows the same accounting policies as those used for the preparation of the consolidated financial statements. Intra-segment transfers are transacted at market prices.

The segments presented are identical to those which are included in the reporting provided to the Board of Directors.

The Group Management Team assesses the performance of each segment on the basis of sales and its contribution after advertising & promotion expenses, which are defined as the gross margin after deduction of logistics, advertising, promotional and distribution expenses.

30.06.2007 In euro million	France	Europe	Americas	Asia/Rest of the World	Elimination of intragroup accounts	Unallocated	Total
Segment net sales	832	2,658	2,199	2,365	-	-	8,054
Including inter-segment revenue	*150*	*567*	*413*	*481*	-	-	*1,611*
Net sales	**682**	**2,091**	**1,786**	**1,884**	**-**	**-**	**6,443**
Gross margin after logistics costs	467	1,202	971	946	-	-	3,587
Contribution after advertising & promotion expenses	306	890	689	601	-	-	2,486
Profit from recurring operations	134	506	418	389	-	-	1,447
Segment assets	3,028	11,011	10,472	8,581	(13,742)	-	19,349
Unallocated assets*	-	-	-	-	-	123	123
TOTAL ASSETS	**-**	**-**	**-**	**-**	**-**	**-**	**19,472**
Capital expenditure	22	85	51	65	-	-	222
Depreciation and amortisation	20	77	46	59	-	-	202
Segment liabilities	2,513	9,672	8,421	6,150	(13,742)	-	13,013
TOTAL LIABILITIES	**-**	**-**	**-**	**-**	**-**	**-**	**13,013**
NET ASSETS	**514**	**1,339**	**2,051**	**2,431**	**-**	**123**	**6,458**

** The unallocated assets item includes mainly non-current financial assets.*

30.06.2008 In euro million	France	Europe	Americas	Asia/Rest of the World	Elimination of intragroup accounts	Unallocated	Total
Segment net sales	834	2,679	2,075	2,528	-	-	8,116
Including inter-segment revenue	*123*	*507*	*375*	*521*	-	-	*1,527*
Net sales	**711**	**2,171**	**1,700**	**2,007**	**-**	**-**	**6,589**
Gross margin after logistics costs	496	1,269	961	1,040	-	-	3,766
Contribution after advertising & promotion expenses	325	929	678	657	-	-	2,588
Profit from recurring operations	149	530	421	422	-	-	1,522
Segment assets	2,997	12,981	8,348	7,898	(13,925)	-	18,299
Unallocated assets*	-	-	-	-	-	132	132
TOTAL ASSETS	**-**	**-**	**-**	**-**	**-**	**-**	**18,431**
Capital expenditure	44	98	48	36	-	-	227
Depreciation and amortisation	12	65	51	40	-	-	169
Segment liabilities	2,457	9,314	7,470	6,517	(13,925)	-	11,833
TOTAL LIABILITIES	**-**	**-**	**-**	**-**	**-**	**-**	**11,833**
NET ASSETS	**540**	**3,666**	**878**	**1,381**	**-**	**132**	**6,597**

** The unallocated assets item includes mainly non-current financial assets.*

Note 5 Interest (expenses) income

In euro million	30.06.2007	30.06.2008
Net financing costs	(332)	(316)
Structuring and placement fees	(12)	(11)
Net financial impact of pensions and related benefits	14	3
Other net current financial income (expense)	(12)	(9)
Interest (expenses) income from recurring operations	**(341)**	**(333)**
Exchange rate gains	(8)	(15)
Other financial income (expense)	(2)	(1)
TOTAL INTEREST (EXPENSES) INCOME	**(351)**	**(349)**

Net financing costs are composed mainly of financial expenses relating to bonds, syndicated loans and commercial papers. They also include €18 million of interest income and an expense of €(11) million relating to the impact of exchange rate and interest rate hedges.

The key elements included in the other financial income (expense) item are:

- the accelerated depreciation of structuring and placement fees relating to the 2005 syndicated loan, representing an expense of €(12) million;
- the impact of the change in the time value (revenue of €11 million) of financial instruments subscribed for in May 2008 to hedge against the future V&S acquisition debt, which was considered as highly probable at 30 June 2008.

Note 6 Other income and expenses

Other income and expenses are broken down as follows:

In euro million	30.06.2007	30.06.2008
Net restructuring expenses	(31)	(26)
Capital gains (losses) on asset disposals	31	4
Other operating income and expenses	20	(58)
OTHER INCOME AND EXPENSES	**20**	**(81)**

At 30 June 2008 and 2007, restructuring expenses referred to reorganisations, restructuring initiatives and reductions in the sales force.

At 30 June 2008, other operating and expenses included:

- revenue of €70 million relating to the surplus (in excess of the corridor limit) of actuarial gains realised on a UK pension fund;
- an expense of €(35) million recognised as part of changes made to contracts between the Group and SPI Group, as described in note 10 on intangible assets and including depreciation of $18 million on exclusive distribution rights and $30 million plus advance interest historically granted by the Group and retained by SPI Group;
- expenses of €(74) million relating to the acquisition of Vin&Sprit.

Note 7 Corporate income tax

Analysis of the income tax expense:

In euro million	30.06.2007	30.06.2008
Tax payable	(240)	(126)
Deferred tax	(20)	(98)
TOTAL	**(260)**	**(224)**

Deferred taxes are broken down as follows by nature:

In euro million	30.06.2007	30.06.2008
Unrealised margins in inventories	97	91
Fair value adjustments on assets and liabilities resulting from business combinations	93	69
Provisions for pension benefits	230	141
Deferred tax assets related to losses eligible for carry-forward	152	185
Provisions (other than provisions for pension benefits) and other items	268	235
TOTAL DEFERRED TAX ASSETS	**839**	**722**
Special depreciation change	41	42
Fair value adjustments on assets and liabilities resulting from business combinations	2,152	1,962
Other	133	124
TOTAL DEFERRED TAX LIABILITIES	**2,326**	**2,128**

The reduction in deferred tax assets is due principally to the reduction in the IAS 19 provision for pensions in the UK, USA and Canada. The reduction in deferred tax liabilities is the result of exchange rate movements on Allied Domecq brands.

At 30 June 2008, deferred taxes calculated on items recognised through equity include deferred taxes on Pernod Ricard Finance cash flow hedges (€3 million) and deferred taxes on EVC's net investment hedge (€13 million).

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

In euro million	30.06.2007	30.06.2008
Operating profit	1,467	1,441
Interest (expenses) income	(351)	(349)
Taxable profit	**1,115**	**1,092**
Theoretical tax charge at the effective income tax rate in France (34.43%)	(384)	(376)
Impact of differences in tax rates	83	92
Impact of tax losses used	21	11
Impact of reduced tax rates	6	7
Other impacts	14	42
EFFECTIVE TAX CHARGE	**(260)**	**(224)**
EFFECTIVE TAX RATE	**23%**	**21%**

The improvement in the effective tax rate is explained chiefly by a combination of two factors:

- the reduction in the statutory tax rate in some countries, including Spain, Italy and the UK;
- the unequal rate of profit growth between subsidiaries taxed at different rates.

Tax losses carryforwards (used or not used) represented a potential tax saving of €177 million at 30 June 2007 and €209 million at 30 June 2008. The potential tax savings at 30 June 2008 relate to tax losses carryforwards with the following expiry dates:

	Tax effect of loss carryforwards (in euro million)	
Year	Losses used	Losses not used
2008	1	4
2009	0	1
2010	1	4
2011	0	1
2012	4	11
No expiry date	179	3
TOTAL	**185**	**24**

Note 8 Earnings per share

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

	30.06.2007	30.06.2008
Numerator (in euro million)		
Group net profit	831	840
Net profit from continuing operations	831	840
Net profit from discontinued operations	0	0
Denominator (in number of shares)		
Average number of shares in circulation at 30 June 2007	105,658,736	
Average number of shares in circulation, including the effect of the share split of January 2008*	211,317,472	214,046,768
Dilutive effect of stock options	3,665,298	3,187,364
AVERAGE NUMBER OF OUTSTANDING SHARES – DILUTED	**214,982,770**	**217,234,132**
Earnings per share (in euro)		
Earnings per share – basic	3.93	3.92
Earnings per share – diluted	3.87	3.87
Net earnings per share from continuing operations – basic	3.93	3.92
Net earnings per share from continuing operations – diluted	3.87	3.87

** On 15 January 2008, the par value of each share was split equally into two parts, from €3.10 to €1.55. In accordance with IAS 33 (Earnings per share), the dilutive effect of this share split was recognised retrospectively for the two periods shown.*

Note 9 Expenses by nature

Operating profit notably includes depreciation, amortisation and impairment expenses together with personnel expenses:

In euro million	30.06.2007	30.06.2008
Total depreciation, amortisation and impairment expenses	**202**	**169**
Salaries and payroll costs	799	825
Pensions, medical expenses and other similar benefits under defined benefit plans	(33)	(51)
Expenses related to stock options and share appreciation rights	31	36
TOTAL PERSONNEL EXPENSES	**797**	**810**

Note 10 Intangible assets and goodwill

		Movements in the year					
In euro million	01.07.2006	Acquisitions	Amortisation	Disposals	Foreign currency gains and losses	Other movements	30.06.2007
Goodwill	3,764	0	-	0	(47)	0	3,718
Brands	7,964	0	-	(17)	(149)	(1)	7,797
Other intangible assets	161	18	-	(4)	(3)	17	190
GROSS VALUE	**11,890**	**18**	**-**	**(21)**	**(199)**	**16**	**11,704**
Goodwill	(237)	-	0	0	(4)	0	(241)
Brands	(55)	-	0	4	0	1	(50)
Other intangible assets	(42)	-	(61)	2	1	0	(100)
AMORTISATION/IMPAIRMENT	**(334)**	**-**	**(61)**	**6**	**(2)**	**1**	**(391)**
INTANGIBLE ASSETS, NET	**11,555**	**18**	**(61)**	**(15)**	**(201)**	**16**	**11,313**

		Movements in the year					
In euro million	01.07.2007	Acquisitions	Amortisation	Disposals	Foreign currency gains and losses	Other movements	30.06.2008
Goodwill	3,718	3	-	(2)	(312)	36	3,443
Brands	7,797	11	-	(50)	(643)	0	7,115
Other intangible assets	190	16	-	(1)	(20)	9	193
GROSS VALUE	**11,704**	**30**	**-**	**(53)**	**(976)**	**46**	**10,751**
Goodwill	(241)	-	(2)	0	(10)	14	(239)
Brands	(50)	-	(1)	2	1	1	(47)
Other intangible assets	(100)	-	(30)	0	11	(5)	(124)
AMORTISATION/IMPAIRMENT	**(391)**	**-**	**(33)**	**2**	**2**	**10**	**(410)**
INTANGIBLE ASSETS, NET	**11,313**	**30**	**(33)**	**(51)**	**(974)**	**56**	**10,341**

Goodwill

On 26 July 2005, Pernod Ricard closed the acquisition of Allied Domecq, whose entities are fully consolidated as of that date. Goodwill relating to this acquisition amounted to €3,318 million at 30 June 2006.

Brands

Brands primarily comprise Allied Domecq brands (in particular Ballantine's, Malibu, Beefeater, Kahlúa, Mumm and Perrier-Jouët) and Seagram brands (in particular Chivas Regal, Martell, Seagram's Gin and The Glenlivet) recognised in the context of these two acquisitions.

Other intangible assets

On 9 September 2005, Pernod Ricard and SPI Group signed an agreement by which the Group acquired exclusive distribution rights for the Stolichnaya vodka brand and a number of other brands in markets where SPI Group owns the distribution rights, notably the United States. These exclusive distribution rights are impaired over the period of the original distribution agreement, which is 5 years.

A new agreement was signed by the Group and SPI Group in March 2008 setting out the terms governing early termination of the distribution contract in the event of Pernod Ricard acquiring V&S, the owner of the ABSOLUT brand:

- Pernod Ricard continues to distribute Stolichnaya without financial benefit for a maximum transition period of six months from the date of the V&S acquisition. This period will enable SPI to find a new distributor for its brands. The exclusive distribution rights were therefore impaired at 30 June 2008 to reflect this cessation of distribution by the Group at the end of the transition period;
- the contract was accompanied by a payment made by the Group of $80 million, $50 million of which is repayable at the end of the transition period and $30 million of which represent an expense related to the acquisition of V&S.

SPI also retains a $30 million advance historically granted by the Group. This advance was recognised as an expense at 30 June 2008.

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

Note 11 Property, plant and equipment

In euro million	01.07.2006	Movements in the year					30.06.2007
		Acquisitions	Amortisation	Disposals	Foreign currency gains and losses	Other movements	
Land	300	2	-	(5)	11	3	310
Buildings	671	16	-	(33)	13	29	696
Machinery & equipment	1,059	43	-	(102)	42	100	1,141
Other property, plant and equipment	240	26	-	(46)	6	6	233
Assets under construction	137	131	-	(1)	3	(149)	120
Advance on property, plant and equipment	3	3	-	(2)	0	(1)	3
GROSS VALUE	**2,409**	**222**	**-**	**(190)**	**75**	**(14)**	**2,502**
Land	(4)	-	(2)	1	(0)	0	(6)
Buildings	(223)	-	(19)	15	(5)	(1)	(233)
Machinery & equipment	(465)	-	(88)	62	(22)	5	(509)
Other property, plant and equipment	(80)	-	(23)	33	(3)	(6)	(80)
DEPRECIATION/PROVISIONS	**(773)**	**-**	**(133)**	**110**	**(30)**	**(2)**	**(828)**
PROPERTY, PLANT AND EQUIPMENT, NET	**1,637**	**222**	**(133)**	**(80)**	**45**	**(15)**	**1,675**

In euro million	01.07.2007	Movements in the year: Acquisitions	Amortisation	Disposals	Foreign currency gains and losses	Other movements	30.06.2008
Land	310	1	-	(4)	(11)	2	297
Buildings	696	15	-	(6)	(57)	19	667
Machinery & equipment	1,141	56	-	(27)	(117)	76	1,128
Other property, plant and equipment	233	27	-	(13)	(35)	(10)	202
Assets under construction	120	122	-	(1)	(11)	(99)	132
Advance on property, plant and equipment	3	4	-	(1)	0	(1)	5
GROSS VALUE	**2,502**	**224**	**-**	**(52)**	**(231)**	**(12)**	**2,431**
Land	(6)	-	(2)	0	1	0	(7)
Buildings	(233)	-	(25)	2	21	(1)	(235)
Machinery & equipment	(509)	-	(92)	23	66	(8)	(521)
Other property, plant and equipment	(80)	-	(17)	11	20	7	(60)
DEPRECIATION/PROVISIONS	**(828)**	**-**	**(136)**	**36**	**108**	**(3)**	**(823)**
PROPERTY, PLANT AND EQUIPMENT, NET	**1,675**	**224**	**(136)**	**(16)**	**(124)**	**(15)**	**1,608**

Note 12 Financial assets

In euro million	30.06.2007 Current	30.06.2007 Non-current	30.06.2008 Current	30.06.2008 Non-current
Available-for-sale financial assets				
Available-for-sale financial assets	-	60	-	58
Other financial assets	-	6	-	9
Loans and receivables				
Guarantees and deposits	-	45	-	32
Investment-related receivables	-	10	-	8
Derivative instruments	**51**		**19**	**38**
FINANCIAL ASSETS	**51**	**121**	**19**	**145**

The following details the financial assets, excluding derivative instruments:

In euro million	01.07.2006	Movements in the year: Acquisitions	Allowances	Disposals	Foreign currency gains and losses	Other movements	30.06.2007
Available-for-sale financial assets	429	17	-	(33)	(1)	24	435
Guarantees and deposits	47	3	-	(7)	(1)	2	45
Investment-related receivables	53	2	-	(22)	0	(19)	15
GROSS VALUE	**529**	**22**	**-**	**(62)**	**(1)**	**7**	**495**
Impairment losses recognised on available-for-sale financial assets	(361)	-	(14)	31	0	(27)	(370)
Provisions for guarantees and deposits	0	-	0	0	0	0	0
Impairment losses recognised on investment-related receivables	(26)	-	0	22	0	0	(5)
PROVISIONS	**(387)**	**-**	**(14)**	**53**	**0**	**(27)**	**(375)**
NON-CURRENT FINANCIAL ASSETS, NET	**142**	**22**	**(14)**	**(9)**	**(1)**	**(20)**	**121**

In euro million	01.07.2007	Movements in the year: Acquisitions	Allowances	Disposals	Foreign currency gains and losses	Other movements	30.06.2008
Available-for-sale financial assets	435	4	-	(310)	(2)	12	140
Guarantees and deposits	45	4	-	0	(2)	(14)	32
Investment-related receivables	15	0	-	0	(2)	0	13
GROSS VALUE	**495**	**8**	**-**	**(310)**	**(6)**	**(2)**	**185**
Impairment losses recognised on available-for-sale financial assets	(370)	-	0	303	0	(6)	(73)
Provisions for guarantees and deposits	0	-	0	0	0	0	0
Impairment losses recognised on investment-related receivables	(5)	-	0	0	0	0	(5)
PROVISIONS	**(375)**	**-**	**0**	**303**	**0**	**(5)**	**(78)**
NON-CURRENT FINANCIAL ASSETS, NET	**121**	**8**	**0**	**(8)**	**(6)**	**(8)**	**107**

Impairment losses on available-for-sale financial assets relate mainly to the Seagram joint ventures (39% Pernod Ricard/61% Diageo) whose shares were fully or partly impaired in 2002 following the acquisition of Seagram.

Available-for-sale financial assets are comprised of:

In euro million	Share of holding	Carrying amount of shares at 30.06.2007	Carrying amount of shares at 06.30.2008
Portugal Venture Limited	30.0%	9	9
Seagram venture entities	39.1%	27	24
Other available-for-sale financial assets	-	29	34
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**-**	**65**	**67**

Note 13 Inventories

The breakdown of inventories and work-in-progress at the balance sheet date is as follows:

In euro million	01.07.2006	Movements in the year: Changes in gross amounts	Changes in impairment	Foreign currency gains and losses	Other movements	30.06.2007
Raw materials	109	18	-	1	6	135
Work-in-progress	2,435	116	-	59	226	2,836
Goods in inventory	640	41	-	6	(287)	399
Finished products	172	(7)	-	2	86	253
GROSS VALUE	**3,356**	**169**	**-**	**67**	**31**	**3,622**
Raw materials	(8)	-	(1)	0	(4)	(12)
Work-in-progress	(9)	-	(6)	0	(5)	(20)
Goods in inventory	(7)	-	3	(1)	(8)	(12)
Finished products	(5)	-	0	0	(10)	(15)
VALUATION ALLOWANCES	**(28)**	**-**	**(4)**	**(1)**	**(27)**	**(59)**
INVENTORIES, NET	**3,327**	**169**	**(4)**	**66**	**5**	**3,563**

In euro million	01.07.2007	Movements in the year: Changes in gross amounts	Changes in impairment	Foreign currency gains and losses	Other movements	30.06.2008
Raw materials	135	18	-	(10)	7	150
Work-in-progress	2,836	379	-	(229)	(25)	2,960
Goods in inventory	399	52	-	(32)	(6)	412
Finished products	253	15	-	(15)	5	258
GROSS VALUE	**3,622**	**464**	**-**	**(286)**	**(19)**	**3,781**
Raw materials	(12)	-	(3)	0	0	(15)
Work-in-progress	(20)	-	(6)	0	3	(22)
Goods in inventory	(12)	-	(2)	1	0	(13)
Finished products	(15)	-	0	1	0	(14)
VALUATION ALLOWANCES	**(59)**	**-**	**(11)**	**3**	**3**	**(64)**
INVENTORIES, NET	**3,563**	**464**	**(11)**	**(283)**	**(16)**	**3,717**

At 30 June 2008, maturing inventories intended mainly for use in whisky and cognac production accounted for 84% of work-in-progress. Pernod Ricard is not significantly dependent on its suppliers.

Note 14 Detailed breakdown of receivables

The following table details trade and other accounts receivable by due date:

In euro million	Net carrying amount	Not impaired and not due	Not impaired and due on the following dates				
			Less than 30 days	31 to 90 days	91 to 180 days	181 to 360 days	More than 360 days
Net carrying amounts							
Trade receivables	1,228	596	358	168	58	32	16
Other receivables	145	139	1	0	3	1	1
TOTAL AT 30.06.07	**1,373**	**735**	**359**	**168**	**61**	**33**	**17**
Including impairment of:	*132*						
Trade receivables	1,146	684	275	114	42	7	24
Other receivables	195	154	6	2	32	0	1
TOTAL AT 30.06.2008	**1,341**	**838**	**281**	**116**	**74**	**7**	**25**
Including impairment of:	*112*						

Changes in the impairment of trade and other accounts receivable were as follows:

In euro million	2006/2007	2007/2008
At 1 July	**142**	**132**
Increases during the year	28	36
Reversals during the year	(17)	(17)
Used during the year	(21)	(38)
At 30 June	**132**	**112**

At 30 June 2008, there was no reason to question the creditworthiness of non-impaired due receivables. More specifically, non-impaired receivables with due dates of over twelve months show no additional credit-related risk. There is no significant concentration of risks.

Note 15 Provisions

1. Breakdown of balance sheet amounts

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

In euro million	30.06.2007	30.06.2008
Non-current provisions		
Provisions for pensions and other retirement benefits	773	478
Other non-current provisions for contingencies and charges	534	467
Current provisions		
Provisions for restructuring	29	14
Other current provisions for contingencies and charges	326	274
TOTAL	**1,662**	**1,232**

Other non-current provisions for contingencies and charges include, among other items, provisions in respect of warranties with respect to the adequacy of liabilities, notably of a tax nature, that were granted to Fortune Brands in the context of the acquisition of Allied Domecq, and covering the risks as estimated by the Group. Other current provisions for contingencies and charges include an onerous contract provision related to purchases of bulk Scotch whisky.

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

		Movements in the year					
In euro million	01.07.2006	Allowances	Used	Reversal of surplus provisions	Foreign currency gains and losses	Other movements	30.06.2007
Provisions for restructuring	64	2	(44)	0	(2)	8	29
Other current provisions	394	51	(73)	(50)	2	3	326
Other non-current provisions	707	36	(7)	(90)	4	(115)	534
PROVISIONS	**1,165**	**89**	**(124)**	**(141)**	**4**	**(104)**	**889**

		Movements in the year					
In euro million	01.07.2007	Allowances	Used	Reversal of surplus provisions	Foreign currency gains and losses	Other movements	30.06.2008
Provisions for restructuring	29	4	(19)	0	(2)	2	14
Other current provisions	326	50	(50)	(21)	(29)	(3)	274
Other non-current provisions	534	61	(8)	(99)	(30)	9	467
PROVISIONS	**889**	**114**	**(77)**	**(120)**	**(61)**	**9**	**754**

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 are mainly comprised of provisions for retirement indemnities (non-funded) and supplementary pension benefits (partly funded);
- in the United States, benefit obligations comprise funded pension plans guaranteed to employees as well as unfunded post-employment medical plans;
- in Ireland, the United Kingdom and the Netherlands, benefit obligations are mainly comprised of pension plans granted to employees.

For its defined contribution plans, the Group's commitments are limited to the payment of periodic contributions. The amount of contributions paid in the financial year ended 30 June 2008 was €155 million.

Defined benefit plans in the Group relate mainly to subsidiaries in the United Kingdom, in North America and in the rest of Europe. Defined benefit plans are subject to an annual actuarial valuation on the basis of assumptions depending on the country. Under these pension and other benefit plan agreements, employees receive at the date of retirement either a capital lump sum payment or an annuity. These amounts depend on the number of years of employment, final salary and the position held by the employee. At 30 June 2008, fully or partly funded benefit obligations totalled €3,597 million, accounting for 94.6% of the total amount of 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 that have been retained for the pension obligations in the country in question.

Several subsidiaries, mainly in Europe, also provide their employees with other long-term benefits. Benefits obligations of this type are mainly in respect of long-service awards and jubilee awards.

The table below presents a roll-forward of the provision between 30 June 2007 and 30 June 2008:

In euro million	30.06.2007 Pension benefits	30.06.2007 Medical expenses and other employee benefits	30.06.2007 Total	30.06.2008 Pension benefits	30.06.2008 Medical expenses and other employee benefits	30.06.2008 Total
Provisions at beginning of year	835	174	1,009	600	173	773
Expenses (income) for the year	(45)	12	(33)	(56)	5	(51)
Employer contributions	(191)	-	(191)	(155)	-	(155)
Benefits paid directly by the employer	(6)	(12)	(18)	(6)	(10)	(16)
Perimeter variation	1	2	3	0	0	0
Foreign currency gains and losses	7	(3)	4	(55)	(19)	(74)
PROVISION, AT END OF YEAR	**600**	**173**	**773**	**328**	**149**	**478**

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

Expense for the year In euro million	30.06.2007 Pension benefits	30.06.2007 Medical expenses and other employee benefits	30.06.2007 Total	30.06.2008 Pension benefits	30.06.2008 Medical expenses and other employee benefits	30.06.2008 Total
Service cost	34	3	37	31	2	33
Interest cost (effect of unwinding of discount)	214	9	223	210	8	218
Expected return on plan assets	(238)	0	(238)	(221)	0	(221)
Amortisation of past service cost	(35)	0	(35)	1	0	1
Amortisation of actuarial (gains) and losses	0	0	0	(70)	(4)	(74)
Effect of ceiling on plan assets						
Effect of settlements and curtailments	(20)	0	(20)	(6)	0	(7)
NET EXPENSE (INCOME) RECOGNISED IN PROFIT AND LOSS	**(45)**	**12**	**(33)**	**(56)**	**5**	**(51)**

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.

At 30 June 2008, the Group income statement recognised income of €51 million, including €74 million arising as a result of impairment of actuarial gains and losses, the majority of which relates to surplus actuarial gains (in excess of the corridor limit) made on a UK pension fund. Following restructuring, this fund no longer contains any members still in employment. The income is therefore recognised in full at 30 June 2008, in accordance with IAS 19.

Changes in provisions for pensions and other long-term employee benefits are presented hereafter:

Net liability recognised in the balance sheet In euro million	30.06.2007 Pension benefits	30.06.2007 Medical expenses and other employee benefits	30.06.2007 Total	30.06.2008 Pension benefits	30.06.2008 Medical expenses and other employee benefits	30.06.2008 Total
Change in the actuarial value of cumulative benefit obligations						
Actuarial value of cumulative benefit obligations at beginning of year	4,128	169	4,297	4,062	164	4,226
Service cost	34	3	37	31	2	33
Interest cost (effect of unwinding of discount)	214	9	223	210	8	218
Employee contributions	4	0	4	4	1	5
Benefits paid	(216)	(13)	(229)	(203)	(11)	(214)
Changes to plans	(26)	1	(25)	0	(1)	(1)
Settlement or curtailment of benefits	(29)	0	(29)	(21)	0	(21)
Actuarial (gains) and losses	(121)	(4)	(125)	144	0	144
Currency translation adjustments	72	(3)	69	(568)	(18)	(586)
Changes in scope of consolidation	2	2	4	(1)	0	(2)
ACTUARIAL VALUE OF CUMULATIVE BENEFIT OBLIGATIONS AT END OF YEAR	**4,062**	**164**	**4,226**	**3,660**	**141**	**3,801**
Change in the fair value of plan assets						
Fair value of plan assets at beginning of year	3,543	3	3,546	3,951	2	3,953
Actual return on plan assets	363	0	363	60	0	60
Employee contributions	4	-	4	4	-	4
Employer contributions	191	-	191	155	-	155
Benefits paid	(210)	(1)	(211)	(200)	(1)	(201)
Changes to plans	-	-	-	4	-	4
Liquidation of benefits	(11)	-	(11)	(15)	-	(15)
Currency translation adjustments	68	-	68	(555)	-	(555)
Changes in scope of consolidation	2	-	2	(3)	-	(3)
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	**3,951**	**2**	**3,953**	**3,402**	**1**	**3,403**
Present value of funded benefits	3,997	2	3,999	3,597	1	3,597
Fair value of plan assets	3,951	2	3,953	3,402	1	3,403
Deficit (surplus) on funded benefits	47	0	47	195	0	194
Present value of unfunded benefits	67	162	229	64	141	205
Effect of ceiling on plan assets						
Unrecognised actuarial gains and (losses)	498	8	506	78	3	81
Unrecognised past service cost	(10)	4	(6)	(8)	6	(2)
NET LIABILITY RECOGNISED IN THE BALANCE SHEET	**600**	**173**	**773**	**328**	**149**	**478**

At 30.06.2008 In euro million	Actuarial value of cumulative benefit obligations	%	Fair value of plan assets	%	Net liability	%
United Kingdom	3,001	79%	2,876	85%	162	34%
United States	231	6%	160	5%	93	19%
Canada	259	7%	191	6%	84	18%
Ireland	103	3%	102	3%	9	2%
France	128	3%	22	0%	97	20%
Other countries	79	2%	51	1%	32	7%
TOTAL	**3,801**	**100%**	**3,403**	**100%**	**478**	**100%**

The breakdown of pension assets between the different asset categories (bonds, shares, etc.) is as follows:

	30.06.2007		30.06.2008	
Breakdown of plan assets	Pension benefits	Medical expenses and other employee benefits	Pension benefits	Medical expenses and other employee benefits
Shares	30.08%	18.00%	29.67%	18.00%
Bonds	64.04%	72.00%	64.33%	72.00%
Other money market funds	3.54%	10.00%	3.52%	10.00%
Property assets	1.89%	0.00%	1.75%	0.00%
Other	0.44%	0.00%	0.73%	0.00%
TOTAL	**100.00%**	**100.00%**	**100.00%**	**100.00%**

The expected rate of return on plan assets corresponds to the weighted average of the different expected rates of return of each category of assets.

Contributions payable by the Group for the year ended 30 June 2009 in respect of funded benefits are estimated at €114 million.

Benefits payable in respect of defined benefit plans over the next 10 years are broken down as follows:

Benefits payable in the next 10 years In euro million	Pension benefits	Medical expenses and other employee benefits
2009	202	11
2010	198	10
2011	199	9
2012	216	10
2013	221	10
2014-2018	**1,208**	**48**

At 30 June 2007 and 30 June 2008, the main assumptions retained for the measurement of pensions obligations and other long-term employee benefits were as follows:

Actuarial assumptions in respect of commitments	30.06.2007 Pension benefits	30.06.2007 Medical expenses and other employee benefits	30.06.2008 Pension benefits	30.06.2008 Medical expenses and other employee benefits
Discount rate	5.72%	5.78%	5.96%	5.88%
Average rate of increase in annuities	3.39%	1.91%	3.66%	2.08%
Average salary increase	3.77%	3.55%	4.06%	3.56%
Expected return on plan assets	6.39%	4.50%	6.21%	4.50%
Expected increase in medical expenses				
– Initial rate	Not applicable	8.51%	Not applicable	8.68%
– Final rate	Not applicable	5.05%	Not applicable	5.25%

Actuarial assumptions in respect of benefit obligations	30.06.2007 Pension benefits	30.06.2007 Medical expenses and other employee benefits	30.06.2008 Pension benefits	30.06.2008 Medical expenses and other employee benefits
Discount rate	5.31%	5.66%	5.72%	5.74%
Average rate of increase in annuities	3.00%	1.91%	3.37%	1.91%
Average salary increase	4.57%	3.51%	3.76%	3.58%
Expected return on plan assets	6.32%	0.00%	6.52%	0.00%
Expected increase in medical expenses				
– Initial rate	Not applicable	8.76%	Not applicable	8.52%
– Final rate	Not applicable	5.17%	Not applicable	5.06%

Actuarial assumptions at 30.06.2008 in respect of benefit obligations By region	United Kingdom	USA	Canada	Eurozone countries	Other non-eurozone countries
Discount rate	5.98%	6.26%	5.77%	5.57%	5.94%
Average rate of increase in annuities	3.77%	0.00%	1.50%	2.63%	3.80%
Average salary increase	4.25%	3.75%	3.50%	4.19%	5.16%
Expected return on plan assets	6.10%	8.00%	6.75%	5.80%	6.10%
Expected increase in medical expenses					
– Initial rate	6.90%	8.50%	9.71%	4.52%	0.00%
– Final rate	6.00%	5.25%	5.00%	4.52%	0.00%

The obligation period-related discount rates used within the eurozone are as follows:

- short-term rate (3-5 years): 4.75%;
- medium-term rate (5-10 years): 5.00%;
- long-term rate (> 10 years): 5.50% to 5.75%.

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 2008. These rates were determined on the basis of historical rates of return but also taking account of market expectations.

Discount rates are determined by reference to the yield at the balance sheet date on premium category corporate bonds (if available), or on government bonds, with maturities similar to the estimated duration of the benefit obligations.

A change of one point in the rate of increase of medical and healthcare expenses would have an impact of approximately €13 million on the amount of the benefit obligation in respect of post-employment medical and healthcare coverage.

In respect of post-employment medical cover		Effect of a change	
In euro million	With current rate	1% increase	1% decrease
On the present value of the benefit obligation at 30 June	122	13	(11)
On the interest cost for the year and on the service cost for the year	6	1	(1)

The experience gains or losses on the benefit obligations and plan assets are set out below:

	30.06.2008	
In euro million	Pension benefits	Medical expenses and other employee benefits
Amount of experience losses or (gains) on benefit obligations	(22)	(4)
Percentage compared with amount of benefit obligations	(0.60)%	(2.53)%
Amount of experience losses or (gains) on plan assets	161	0
Percentage compared with amount of plan assets	4.74%	–

Note 16 Financial liabilities

Net debt, as defined and used by the Group, corresponds to total gross debt (translated at closing rate), including the amount of transaction, cash flow hedge and fair value hedge derivatives, less cash and cash equivalents. At 30 June 2008, net debt included the following items:

In euro million	30.06.2007	30.06.2008
Bonds	2,511	2,352
Current financial liabilities (excluding bonds)	375	950
Non-current financial liabilities (excluding bonds)	3,938	3,053
Non-current derivative instruments (in both asset and liability positions) used as fair value hedges of financial assets and liabilities	73	209
Cash and cash equivalents	(383)	(421)
NET FINANCIAL DEBT	**6,515**	**6,143**

1. Breakdown of gross financial debt by maturity

In euro million	30.06.2007	30.06.2008
Short-term debt	311	347
Portion of long-term debt due within 1 year	64	1,234
TOTAL CURRENT DEBT (LESS THAN 1 YEAR)	**375**	**1,582**
Portion of long-term debt due between 1 to 5 years	5,549	4,024
Portion of long-term debt due in more than 5 years	972	958
TOTAL NON-CURRENT DEBT (MORE THAN 1 YEAR)	**6,522**	**4,982**
GROSS FINANCIAL DEBT	**6,897**	**6,563**

Current debt falling due with 1 year accounts for 24% of total gross debt: the 3 year tranche of the syndicated loan for the acquisition of Allied Domecq due at the end of July 2008.

2. Breakdown of net financial debt by currency and type at 30 June 2008 after exchange rate hedging

In euro million	Total	Syndicated loan	Commercial paper	Bonds	Exchange rate swaps and others
EUR	3,459	1,405	197	1,478	379
USD	2,577	2,033	-	-	543
JPY	57	48	-	-	9
GBP	(29)	-	-	874	(903)
Other currencies	80	-	-	-	80
TOTAL	**6,143**	**3,486**	**197**	**2,352**	**108**

3. Breakdown of net financial debt by currency and type at 30 June 2008 after exchange rate hedging

In euro million	Total	< 1 year	> 1 year and < 5 years	> 5 years	Cash
EUR	3,459	90	2,511	949	(91)
USD	2,577	1,159	1,457	0	(40)
JPY	57	11	48	0	(3)
GBP	(29)	20	(5)	(10)	(34)
Other currencies	80	301	14	19	(253)
TOTAL	**6,143**	**1,582**	**4,024**	**958**	**(421)**

4. Breakdown of rate hedge types by currency at 30 June 2008

In euro million	Net debt by currency	Fixed debt	"Capped" floating rate debt	Non-hedged floating rate debt	% hedged debt/fixed debt
EUR	3,459	1,179	900	1,380	60%
USD	2,577	1,142	444	991	62%
JPY	57	-	-	57	0%
GBP	(29)	-	-	(29)	0%
Other currencies	80	-	-	80	0%
TOTAL	**6,143**	**2,320**	**1,344**	**2,478**	**60%**

Of the total €3,664 million of hedged debt, €2,320 million relate to debt raised or swapped at a fixed rate. With euro caps recognised as assets, a 0.10%, or 10 basis point change in interest rates would increase the Group's interest expense by €3 million on the basis of 30 June 2008 debt levels and interest rates.

As part of its purchase of Vin&Sprit, the Group acquired financial instruments to hedge against the acquisition of debt considered to be highly probable at 30 June 2008. The following analyses exclude these hedges in order to ensure consistency between the hedged items and hedges shown on the 30 June 2008 balance sheet.

5. Schedule of financial liabilities at 30 June 2008

The following table shows the maturity of future financial liability-related cash flows (nominal and interest). Variable interest flows have been estimated on the basis of 30 June 2008 rates.

In euro million	Balance sheet value	Contractual flows*	< 6 months	6 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years
Interest-bearing loans and borrowings:	(6,355)	(6,966)	(897)	(831)	(215)	(3,889)	(57)	(146)	(931)
Cross currency swaps:	(209)	-	-	-	-	-	-	-	-
– Payable flows	-	(1,247)	(26)	(26)	(53)	(716)	(19)	(19)	(387)
– Receivable flows	-	1,086	16	34	49	617	18	18	334
Derivative instruments – liability position	(27)	(56)	(20)	(12)	(15)	(9)	0	0	0
TOTAL	**(6,591)**	**(7,183)**	**(928)**	**(836)**	**(233)**	**(3,997)**	**(58)**	**(147)**	**(984)**

** Including interest.*

6. Bonds

On 6 December 2006, Pernod Ricard SA issued bonds in a total amount of €850 million, in two tranches with the following characteristics:

- tranche 1 at floating rate.

  Tranche 1 is composed of €300 million of floating rate notes with a remaining period to maturity of 3 years (maturity date 6 June 2011) which bear interest at Euribor 3 months plus 50 basis points;

- tranche 2 at fixed rate.

  Tranche 2 is composed of €550 million of notes with a remaining period to maturity of 5 and a half years (maturity date 6 December 2013) which bear interest at a fixed rate of 4.625%.

7. Syndicated loan

On 2 and 18 August 2005, Pernod Ricard used part of the facilities granted under the multi-currency syndicated loan agreement signed on 21 April 2005. The total remaining available under this agreement at 30 June 2008 was €1,806 million.

At 30 June 2008, drawdowns on this credit facility amounted to €1,405 million, $3,205 million and JPY8,000 million, being a total amount of €3,486 million. The credit facilities, whether revolving or fixed maturity, denominated in euros, American dollars or multicurrencies, bear interest at a rate corresponding to the applicable LIBOR (or, for euro denominated borrowing, EURIBOR), increased by a pre-determined margin and mandatory costs. These facilities had initial maturities ranging from one to seven years. These borrowings enabled the Group to repay the amounts due under the revolving loan facility signed in August 2004, to finance the cash portion of the Allied Domecq acquisition price and to repay certain debt owed by the Group and Allied Domecq.

8. Allied Domecq bonds

At 30 June 2008, bonds issued by Allied Domecq Financial Services Ltd are composed of an amount of €615 million bearing a nominal interest rate of 5.875% maturing on 12 June 2009, an amount of £468 million bearing a nominal interest rate of 6.625% maturing on 18 April 2011 and an amount of £260 million bearing a nominal interest rate of 6.625% maturing on 12 June 2014.

Note 17 Financial instruments

1. Fair value of financial instruments

In euro million	IAS 39 category	Carrying amount at 30.06.2008	Fair value at 30.06.2008
Assets			
Trade receivables	Receivables at amortised cost	1,146	1,146
Other current assets	Receivables at amortised cost	195	195
Non-current financial assets:			
– Available-for-sale financial assets	Available-for-sale financial assets at fair value through equity	58	58
– Guarantees and deposits	Financial assets at fair value through income	32	32
– Investment-related receivables	Receivables at amortised cost	8	8
– Other financial assets	Financial assets at fair value through income	9	9
Derivative instruments – assets	Financial assets at fair value	57	57
Marketable securities	Financial assets at fair value through income	4	4
Cash	Financial assets at fair value through income	417	417
Liabilities and shareholders' equity			
Bonds	Financial liabilities at amortised cost and fair value	2,352	2,240
Bank loans:		3,958	3,958
– Syndicated loan	Financial liabilities at amortised cost	3,486	3,486
– Commercial paper	Financial liabilities at amortised cost	197	197
– Other	Financial liabilities at amortised cost	275	275
Finance lease obligations	Financial liabilities at amortised cost	44	44
Derivative instruments – liabilities	Financial assets at fair value	236	236

The fair value of the debt is determined for each loan by discounting future cash flows on the basis of market rates at the balance sheet date, adjusted for the Group's credit risk. For floating rate bank debt, fair value is approximately equal to carrying amount.

The market value of instruments recognised in the financial statements at the balance sheet date was calculated on the basis of available market data, using standard discounted cash flow methods. The disparity of valuation models implies that these valuations do not necessarily reflect the amounts that could be received or paid if these instruments were to be settled in the market.

The methods used are as follows:

- bonds: market liquidity enabled the bonds to be valued at their fair value;
- long-term debt: other long-term financial liabilities: the fair value of other long-term financial liabilities is calculated for each loan by discounting future cash flows using an interest rate taking into account the Group's credit risk at the balance sheet date;
- derivative instruments: the fair value of forward foreign currency forwards and interest rate and foreign currency swaps was calculated using the market prices that the Group should pay or receive to settle these contracts.

2. Risk management

Management and monitoring of financial risks is performed by the Financing and Treasury Department, which has ten staff members. This department, which is part of the Group Finance Department, manages all financial exposures and prepares monthly reporting to the attention of General Management. It processes or validates all hedging transactions in the context of a programme approved by General Management.

All financial instruments used 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.

Liquidity risk management – At 30 June 2008, cash and cash equivalents totalled €421 million. In addition, an amount of €1,806 billion of medium term credit facilities with banks are confirmed and unused at this date. Group funding is provided in the form of long-term debt (syndicated loan, bonds, etc.) and confirmed lines of credit, which are sufficient to supply the financial resources required to ensure continuity of business. The overwhelming majority of surplus cash is banked with branch offices of those world-class banks rated highest by Moody's and Standard & Poor's.

Management of currency risk

- Asset risk: financing foreign currency-denominated assets acquired by the Group with debt in the same currency provides natural hedging. This principle was notably implemented for the acquisition of Seagram and Allied Domecq assets denominated in American dollars and Japanese yens.
- Operational risk: due to its international exposure, the Group faces currency risks related to transactions carried out by subsidiaries in a currency other than their functional currency.

  In all cases, it is Group policy to invoice end customers in the functional currency of the distributing entity. Exposure to exchange rate risks on invoicing between producer and distributor subsidiaries is managed a monthly payment centralisation procedure. This system hedges against net exposure using forward exchange contracts.
- Residual risk is partially hedged using financial derivatives (forward buying, forward selling or options) to hedge certain or highly probable non-Group operating receivables and payables.
- Sensitivity analysis of financial instruments to exchange rate risks:
  - qualifying financial liabilities relating to net investment flow hedges are essentially sensitive to fluctuations in the US dollar; a 1% increase or decrease in the dollar/euro exchange rate would impact on Group equity by +/-€7 million. This impact would be offset by the fluctuation in conversion of the hedged net investment.

Management of interest rate risk – At the time the syndicated loans for the acquisition of Seagram and Allied Domecq assets were put in place, the Group exceeded the hedging obligation required by the banks. The hedging portfolio includes swaps, interest rate options in addition to fixed-rate debt.

- Analysis of the sensitivity of financial instruments to interest rate risks (impacts on the income statement):
  - a 1 point increase in (USD and EUR) interest rates would add 9% to the cost of net financial debt, whilst a 1 point decrease in interest rates would reduce the cost of net financial debt by 10%,
  - changes in the fair value of fair value hedges resulting from movements in the market rates of hedging and hedged instruments consist chiefly of:

Financial instrument	10% increase in interest rates	10% decrease in interest rates
Cross currency swaps	(15)	16
Bonds covered by cross currency swaps	17	(18)
Fair value instruments	2	(2)

- Analysis of the sensitivity of financial instruments to interest rate risks (impacts on equity): a relative fluctuation of +/-10% in (USD and EUR) interest rates would generate an equity gain or loss of approximately €63 million as a result of changes in the fair value of the derivatives documented in cash flow hedges (swaps and interest rate options).

Counterparty risk in financial transactions – The Group would be exposed in the case of failure of a counterparty. In order to limit this exposure, the Group performs rigorous selection of counterparts according to several criteria, including credit ratings, and depending on the maturity dates of the transactions. The Group's exposure to credit risk is limited and is not significantly concentrated on any given counterpart.

3. Specific clauses

In the context of the syndicated loan, the Group committed itself to complying with a net debt/EBITDA ratio lower than 4.25. This ratio is complied with at 30 June 2008.

4. Weighted average cost of debt

The Group's weighted average cost of debt was 5.1% at 30 June 2007 compared with 5.2% at 30 June 2008. The weighted average cost of debt is defined as interest (expenses) income from recurring operations divided by average debt. It is calculated by comparing net financial expenses, increased by banking commissions and interest expense on the unwinding of discount on employee benefit obligations, and reduced by exceptional and non-recurring items, to average outstandings calculated on the basis of net debt, as defined above, adjusted for amounts that do not bear interest such as accrued interest.

Note 18 Interest and exchange rate derivatives

1. Interest rate derivatives

In euro million	Notional amount of contracts < 1 year	> 1 year and < 5 years	> 5 years	Total	Market value
Interest rate swaps – borrower floating rate	-	-	-	-	-
Interest rate swaps – borrower fixed rate	507	2,629	250	3,386	5
Purchases of caps	1,027	317	-	1,344	5
Collars (Buy Caps-Sell Floors)	-	2,399	-	2,399	11
LENDER FIXED-RATE CROSS CURRENCY SWAPS €/£	**-**	**663**	**368**	**1,031**	**(209)**

The notional amount of these contracts represents the nominal value of the contracts. Notional amounts denominated in foreign currencies are translated into euro at year-end rates. Estimated market values are either based on valuations provided by banking counterparties or by using information available on the financial markets and valuation methods according to the types of financial instruments.

2. Currency hedges on foreign currency denominated debt

The Group uses currency swaps in the context of its cash pooling operations. These financial instruments have an average duration of one and a half months and do not have a significant market value.

3. Currency hedges on foreign currency denominated transactions

The Group primarily uses forward contracts to hedge against currency risks related to transactions recognised on its balance sheet.

CLASSIFICATION OF HEDGES AND USE OF DERIVATIVE INSTRUMENTS

Type of hedge	Description of financial instrument	Nominal amount In euro million	Risk hedged	Fair value at the balance sheet date In euro million
Fair value hedges				
Interest and exchange rate hedge	Cross currency swaps and forex forwards	1,031	Interest and exchange rate risk on foreign currency denominated debt	(209)
Cash flow hedges				
Interest rate risk hedges	Swaps	3,386	Risk of changes in interest flows on floating rate debt	5
	Caps	1,344	Risk of changes in interest flows on floating rate debt	5
	Collars	2,399	Risk of changes in interest flows on floating rate debt	11
Outside hedge accounting				
Currency risk hedges	Cross currency swaps and forex forwards	1,329	Foreign exchange risk on intra-group financing	8

Note 19 Operating payables

The breakdown of operating payables is as follows:

In euro million	30.06.2007	30.06.2008
Trade payables	929	892
Taxes and social security	442	418
Other operating payables	398	337
Other payables	4	3
TOTAL	**1,773**	**1,650**

Most operating payables are due within one year.

Note 20 Notes to the consolidated cash flow statement

1. Net working capital

The increase in the net working capital requirements arises mainly as a result of higher levels of maturing inventories.

2. Capital expenditure

At 30 June 2008, capital expenditure related mainly to the construction of new warehouses or the renewal of machinery and equipment in the production subsidiaries and to purchases of software and other intangible assets.

3. Issuance of long-term debt

Pernod Ricard SA issued €850 million of bonds in December 2006 and made drawdowns on the multicurrency syndicated loan.

4. Repayment of loans

The Group has partially repaid the multicurrency syndicated loan.

Note 21 Shareholders' equity

1. Share capital

Pernod Ricard's share capital changed as follows between 1 July 2006 and 30 June 2008:

	Number of shares	Amount In euro million
Share capital at 30.06.06	**94,061,439**	**292**
Cancellation of shares contributed on the transfer of all assets and liabilities (TUP) of Santa Lina	(3,209,032)	(10)
Bonus share grant of 16 January 2007	18,216,022	56
Exercise of stock options (stock option plan of 18.12.01)	164,997	1
Exercise of stock options (stock option plan of 11.02.02)	10,723	0
Exercise of stock options (stock option plan of 17.12.02)	367,730	1
Share capital at 30.06.07	**109,611,879**	**340**
Share split of 15 January 2008	109,740,362	-
Exercise of stock options (stock option plan of 18.12.01)	139,520	0
Exercise of stock options (stock option plan of 17.12.02)	186,425	0
Exercise of stock options (stock option plan of 11.02.02)	4,788	0
Share capital at 30.06.08	**219,682,974**	**341**

On 7 November 2006, all assets and liabilities of Santa Lina were transferred to Pernod Ricard SA. The shares held by Santa Lina in Pernod Ricard were cancelled.

On 16 January 2007, a bonus share was allocated to shareholders for every five existing shares held at that date.

Pernod Ricard shares were split in two on 15 January 2008.

All Pernod Ricard shares are issued and fully paid and have a nominal amount of €1.55. Only one category of ordinary Pernod Ricard shares exists. These shares obtain double voting rights if they have been nominally registered for an uninterrupted period of 10 years.

2. Treasury shares

At 30 June 2008, Pernod Ricard SA and its controlled subsidiaries held 1,482,635 Pernod Ricard shares valued at €84 million.

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

3. Dividends paid and proposed

Following the Shareholders' Meeting of 7 November 2007, the Group, on 14 November 2007, paid the outstanding dividend balance due in respect of the financial year ended 30 June 2007, being €1.26 per share. The total dividend in respect of the financial year ended 30 June 2007 was €2.52 per share.

An interim dividend of €0.63 per share was paid on 3 July 2008 in respect of the financial year ended 30 June 2008.

4. Sale and repurchase agreements

In relation to sale and repurchase agreements, Pernod Ricard resold 5,955,534 treasury shares purchased to cover certain stock option plans. For these operations, the stock held to cover a number of stock option plans was transferred to three different banks, although Pernod Ricard reserved the right through a repurchase clause to buy up these shares during exercise of options at the exercise price. These operations 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 considered 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.

The sale and repurchase agreements entered into therefore relate to the following 4 plans:

Sale and repurchase agreement date	Number of shares sold	Selling price, net of sale and repurchase premium In euro	Dates of the Board Meetings authorising the plans
06.03.2008	2,079,776	48.0	14.06.2006
11.03.2008	1,782,028	38.8	02.11.2004
13.03.2008	1,200,000	33.7	18.12.2003
13.03.2008	893,730	45.2	25.07.2005

Sale and repurchase agreements are recognised directly in shareholders' equity at €251 million.

At 30 June 2008, 115,242 shares sold under sale and repurchase agreements had been bought back by the Group.

5. 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 counterparties and maintain a high rating. Against this background, the Group may adjust its payment of dividends to shareholders, repay part of its share capital, buy back its own shares and authorise share-based payment plans.

Note 22 Share-based payments

1. Description of the plans

All of the plans are equity-settled, except for the plans granted on 14 June 2006, 18 January 2007 and 21 June 2007, which, in addition to the award of stock options, also included awards of Stock Appreciation Rights (SARs) to Group employees. The SARs are cash-settled options. The 21 June 2007 and 18 June 2008 plans also include a free share grant.

On the exercise of their rights, the beneficiaries of the SARs will receive a cash payment based on the Pernod Ricard share price equal to difference between the Pernod Ricard share price at the date of the exercise of the rights and the exercise price set at the date of grant.

The Board of Directors Meeting held on 18 June 2008 approved the Combined Stock Option and Free Share Plan, which provides for:

- the allocation of 1,054,635 standard shares and 133,015 performance-dependent options for exercise as of 19 June 2012;
- the allocation of 380,898 free performance-dependent shares. For French tax residents, they will be vested on 19 June 2010 at which point they will be subject to a 2-year retention period. For non-French tax residents, they will be vested on 19 June 2012.

The plan allocated on 19 December 1997 matured on 19 December 2007.

2. Information relating to stock option plans

Stock option plans are granted to managers with high levels of responsibility or to managers or non-managers who have demonstrated a high level of commitment to the Group and proved their effectiveness in the performance of their work.

	Plan 10	Plan 11	Plan 12	Plan 13A	Plan 13B	Plan 13C
Date of the Board of Directors Meeting	18.12.2003	02.11.2004	25.07.2005	14.06.2006	14.06.2006	18.01.2007
Type of option	Purchase	Purchase	Purchase	Purchase	SARs	SARs
Number of beneficiaries	418	459	485	555	49	1
Total number of options that can be subscribed*	1,515,594	1,816,186	907,942	2,109,032	240,170	5,600
Date from which options are exercisable/shares are allocated	19.12.2007	18.11.2008	12.08.2009	15.06.2010	15.06.2009	18.01.2010
Date on which options/shares may be sold	19.12.2007	18.11.2008	12.08.2009	15.06.2010	15.06.2009	18.01.2010
Expiry date	18.12.2013	17.11.2014	11.08.2015	14.06.2016	14.06.2016	18.01.2017
Subscription or purchase price in euro**	36.56	45.72	56.83	63.12	63.12	71.42
Outstanding options at 30.06.07	741,670	896,110	449,448	1,054,516	118,669	2,800
Options cancelled between 01.07.07 and 14.01.08	1,043	4,404	2,583	13,258	2,905	0
Adjustment made on 15 January 2008						
Outstanding options at 15.01.08	1,337,216	1,782,028	893,730	2,081,648	224,508	5,600
Options cancelled between 15.01.2008 and 30.06.2008	1,632	1,062	1,084	11,292	10,950	0
Outstanding options at 30.06.2008	1,083,126	1,780,966	892,646	2,070,356	213,558	5,600
Stock option expense (in euro thousands)	2,180	7,155	4,415	10,227	61	15

* *Pernod Ricard shares were split on 15 January 2008. The number of stock options granted to employees that can be subscribed was adjusted for this bonus share issue.*
** *The share subscription and purchase price has been adjusted to reflect the 15 January 2008 share split.*

	Plan 14A	Plan 14B	Plan 14C	Plan 14D	Plan 15A	Plan 15B	Plan 15C*
Date of the Board of Directors Meeting	21.06.2007	21.06.2007	21.06.2007	21.06.2007	18.06.2008	18.06.2008	18.06.2008
Type of option	Unconditional purchase	SARs	Conditional purchase	Conditional free shares	Unconditional purchase	Conditional purchase	Conditional free shares
Number of beneficiaries	515	56	13	731	598	13	804
Total number of options that can be subscribed**	798,402	93,158	117,774	310,410	1,054,635	133,015	380,898 (inc. 101,237 FRA and 279,661 RDM)
Date from which options are exercisable/ shares are allocated	22.06.2011	22.06.2011	22.06.2011	21.06.2009	19.06.2012	19.06.2012	19.06.2010 (FRA) 19.06.2012 (FRA)
Date on which options/shares may be sold	22.06.2011	22.06.2011	22.06.2011	21.06.2011	19.06.2012	19.06.2012	19.06.2012 (FRA and RDM)
Expiry date	21.06.2015	21.06.2015	21.06.2015	N/A	18.06.2016	18.06.2016	N/A
Subscription or purchase price in euro***	80.75	80.75	80.75	N/A	71.5	71.5	N/A
Outstanding options at 30.06.07	396,969	45,505	58,887	154,119	N/A	N/A	N/A
Options cancelled between 01.07.07 and 14.01.08	1,812	369	0	1,106	N/A	N/A	N/A
Adjustment made on 15 January 2008*							
Outstanding options at 15.01.08	790,314	90,272	117,774	306,026	N/A	N/A	N/A
Options cancelled between 15.01.2008 and 30.06.2008	1,306	3,934	0	5,212	N/A	N/A	N/A
Outstanding options at 30.06.2008	789,008	86,338	117,774	300,814	1,054,635	133,015	380,898
Stock option expense (in euro thousands)	3,988	303	456	7,017	142	14	232

* *FRA: French tax residents; RDM: non-French tax residents.*
** *Pernod Ricard shares were split on 15 January 2008. The number of stock options granted to employees that can be subscribed was adjusted for this bonus share issue.*
*** *The share subscription and purchase price has been adjusted to reflect the 15 January 2008 share split.*

Other stock options plans that have not yet expired are presented in the "Management Report" section of the annual report.

The Group recognised an expense of €29 million in operating profit in respect of the 8 stock option plans effective at 30 June 2008, an expense of €7 million in respect of the 2 free share plans and an expense of €0.478 million in respect of the SARs programmes. A liability of €3 million is recognised in other current liabilities at 30 June 2008 in respect of the SARs programmes.

Annual expenses In euro million	30.06.2007	30.06.2008
Stock options (equity settled) (through a double entry to equity)	29	29
SARs (cash settled) (through a double entry to other current liabilities)	2	0
Free shares (equity settled) (through a double entry to equity)	0	7
TOTAL ANNUAL EXPENSES	**31**	**36**

Changes made to outstanding stock options during the year are described below:

	Plan 10	Plan 11	Plan 12	Plan 13A	Plan 13B	Plan 13C
Date of the Board of Directors Meeting	18.12.2003	02.11.2004	25.07.2005	14.06.2006	14.06.2006	18.01.2007
Type of option	Purchase	Purchase	Purchase	Purchase	SARs	SARs
Strike price*	36.56	45.72	56.83	63.12	63.12	71.42
Outstanding options at 30.06.07	**741,670**	**896,110**	**449,448**	**1,054,516**	**118,669**	**2,800**
Allocated between 30.06.07 and 14.01.08	0	0	0	0	0	0
Cancelled between 30.06.07 and 14.01.08	1,043	4,404	2,583	13,258	2,905	0
Exercised between 30.06.07 and 14.01.08	72,019	692	0	434	3,510	0
Expired between 30.06.07 and 14.01.08	0	0	0	0	0	0
Outstanding options at 14.01.08	**668,608**	**891,014**	**446,865**	**1,040,824**	**112,254**	**2,800**
Adjustment made on 15 January 2008 **						
Outstanding options at 15.01.08	**1,337,216**	**1,782,028**	**893,730**	**2,081,648**	**224,508**	**5,600**
Allocated between 15.01.2008 and 30.06.2008	0	0	0	0	0	0
Cancelled between 15.01.2008 and 30.06.2008	1,632	1,062	1,084	11,292	10,950	0
Exercised between 15.01.2008 and 30.06.2008	252,458	0	0	0	0	0
Expired between 15.01.2008 and 30.06.2008	0	0	0	0	0	0
Outstanding options at 30.06.2008	**1,083,126**	**1,780,966**	**892,646**	**2,070,356**	**213,558**	**5,600**

* *The share subscription and purchase price has been adjusted to reflect the 15 January 2008 share split.*

** *Pernod Ricard shares were split in two on 15 January 2008. The number of stock options granted to employees that can be subscribed was adjusted for this bonus share issue.*

	Plan 14A	Plan 14B	Plan 14C	Plan 14D	Plan 15A	Plan 15B	Plan 15C
Date of the Board of Directors Meeting	21.06.2007	21.06.2007	21.06.2007	21.06.2007	18.06.2008	18.06.2008	18.06.2008
Type of option	Unconditional purchase	SARs	Conditional purchase	Conditional free shares	Unconditional purchase	Conditional purchase	Conditional free shares
Strike price*	80.75	80.75	80.75	N/A	71.50	71.50	N/A
Outstanding options at 30.06.07	**396,969**	**45,505**	**58,887**	**154,119**	**N/A**	**N/A**	**N/A**
Allocated between 30.06.07 and 14.01.08	0	0	0	0	N/A	N/A	N/A
Cancelled between 30.06.07 and 14.01.08	1,812	369	0	1,106	N/A	N/A	N/A
Exercised between 30.06.07 and 14.01.08	0	0	0	0	N/A	N/A	N/A
Expired between 30.06.07 and 14.01.08	0	0	0	0	N/A	N/A	N/A
Outstanding options at 14.01.08	**395,157**	**45,136**	**58,887**	**153,013**	**N/A**	**N/A**	**N/A**
Adjustment made on 15 January 2008*							
Outstanding options at 15.01.08	**790,314**	**90,272**	**117,774**	**306,026**	**N/A**	**N/A**	**N/A**
Allocated between 15.01.2008 and 30.06.2008	0	0	0	0	N/A	N/A	N/A
Cancelled between 15.01.2008 and 30.06.2008	1,306	3,934	0	5,212	N/A	N/A	N/A
Exercised between 15.01.2008 and 30.06.2008	0	0	0	0	N/A	N/A	N/A
Expired between 15.01.2008 and 30.06.2008	0	0	0	0	N/A	N/A	N/A
Outstanding options at 30.06.2008	**789,008**	**86,338**	**117,774**	**300,814**	**1,054,635**	**133,015**	**380,898**

* *The share subscription and purchase price has been adjusted to reflect the 15 January 2008 share split.*

** *Pernod Ricard shares were split in two on 15 January 2008. The number of stock options granted to employees that can be subscribed was adjusted for this bonus share issue.*

The assumptions used in the calculation of the fair values of the options, other than use of the binomial model and the terms under which the options were granted, are as follows. These fair values were fixed at the time the options were allocated and do not therefore reflect share capital transactions.

	Plan 10	Plan 11	Plan 12	Plan 13A	Plan 13B	Plan 13C
Share price (in euro)	85.40	114.50	143.20	147.40	163.95	163.95
Exercise price (in euro)	73.11	91.43	113.65	126.23	63.12	75.42
Expected volatility	30%	30%	30%	30%	22%	22%
Expected dividend yield	2%	2%	2%	2%	2%	2%
Risk free rate	4.25%	3.85%	3.25%	4.00%	4.50%	4.50%
Fair value (in euro and following readjustment)	23.45	32.70	39.78	39.92	16.59	13.52

For the SARs granted in June 2006 and January 2007, the fair values presented above have been re-estimated at 30 June 2008 in accordance with IFRS 2.

	Plan 14A	Plan 14B	Plan 14C	Plan 14D	Plan 15A	Plan 15B	Plan 15C
Share price (in euro)	159.90	159.90	159.90	159.90	68.40	68.40	68.40
Exercise price (in euro)	161.5	80.75	161.5	N/A	71.5	71.5	N/A
Expected volatility	22%	22%	22%	N/A	21%	21%	21%
Expected dividend yield	2%	2%	2%	2%	2%	2%	2%
Risk free rate	4.50%	4.50%	4.50%	4.50%	4.83%	4.83%	4.83%
Fair value (in euro)	41.59	10.97	32.26	147.66	17.03	13.04	58.60 (FRA) 60.02 (RDM)

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 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 measurements was based on an analysis of historic volatility, since the implicit volatility is consistent with short-term historic volatility (over 1-2 years).

The possibility of the pre-maturity exercise of options was included in the standard stock option plan measurement model (with and without market-related performance dependence). The assumption adopted was that 1% of options would be exercised every year as a result of employees leaving the Company, that 67% of options would be exercised when the share price reached 150% of the exercise price and that 33% would be exercised when the share price rose to 250% of the exercise price.

The options allocated on 18 June 2008 to Company Directors and Group Executive Committee are subject to the market performance of the Pernod Ricard share price relative to the market price on the date of allocation. The stock options will be exercisable from 19 June 2012, subject to the Pernod Ricard share price having outperformed the CAC 40 index over the period from 18 June 2008 to 19 July 2012. A simulation model (Monte Carlo) was used in order to reflect this performance requirement in the estimated fair value of the options.

The fair value of the free shares allocated on 18 June 2008 under plan 16 is the market price of the share on the date of allocation, less the loss of dividends forecast for the vesting period (2 years for French tax residents and 4 years for non-French tax residents). For French tax residents, a cost to reflect the non-saleable nature of the shares for an additional period of 2 years was also applied and was estimated as being in the order of 4 to 5% of the fair value of the share. In addition, the number of free shares granted in the context of this plan will depend on the level of the Group profit from recurring operations for the year ended 30 June 2009 compared with budgeted profit from recurring operations. The fair value of the plan will be adjusted for this condition at the end of the vesting period at the latest.

Note 23 Off balance sheet financial commitments and disputes

In euro million	Total	< 1 year	> 1 year and < 5 years	> 5 years
Guarantees received	41	33	6	2
Guarantees granted	5,403	368	4,680	355
Unconditional purchase obligations	1,172	314	710	148
Operating lease agreement	236	34	85	117
Other contractual commitments	14	7	7	-
CONTRACTUAL COMMITMENTS	**1,421**	**355**	**802**	**265**

1. Details of main commitments and obligations

In the context of the acquisition of Allied Domecq, warranties with respect to the adequacy of liabilities, notably of a tax-related nature, were granted. Provisions have been recognised to the extent of the amount of the risks as estimated by Group (*cf.* note 15).

Main guarantees granted:

- the Group guaranteed the Allied Domecq pension fund for the contributions owed to it by Allied Domecq Holdings Ltd and its subsidiaries. In addition, the Group granted a guarantee to the holders of the Allied Domecq bonds, whose amount was €1,534 million at 30 June 2008.

2. Contractual commitments

In the context of their wine and champagne production operations, the Group's Australian subsidiary Pernod Ricard Australia, its New Zealand subsidiary Pernod Ricard New Zealand and its French subsidiary Mumm Perrier-Jouët are committed, respectively, in amounts of €543 million, €110 million and €258 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 €227 million under matured spirit supply agreements.

3. Legal risks

a) Disputes relating to brands

Stolichnaya

Allied Domecq International Holdings B.V. and Allied Domecq Spirits & Wine USA, Inc., together with SPI Spirits and other parties, are defendants in an action brought in the United States District Court for the Southern District of New York by entities that claim to represent the interests of the Russian Federation on matters relating to ownership of the trademarks for vodka products in the United States. In the action, the plaintiffs challenged Allied Domecq International Holdings B.V.'s ownership of the Stolichnaya trademark in the United States, and sought to block future sales of Stolichnaya products in the United States. In addition, the plaintiffs sought damages, including the disgorgement of all related profits. On March 31, 2006, Judge George Daniels dismissed all of the plaintiffs' claims concerning Allied Domecq International Holdings B.V.'s ownership of the Stolichnaya trademark in the United States. The plaintiffs have filed in the United States Court of Appeals for the Second Circuit an appeal of the portion of the March 31, 2006 decision dismissing their trademark ownership, trademark infringement and fraud claims (as well as the dismissal of certain claims brought only against the SPI entities). That appeal has been fully briefed but oral argument has not been heard. On May 15, 2008, plaintiff Federal Treasury Enterprise Sojuzplodoimport ("FTE") moved (with the consent of all parties) to stay the appeal for one year to allow FTE and SPI Spirits to negotiate the resolution of the appeal and other cases pending around the world between FTE and SPI Spirits. On May 19, 2008, the appellate court granted that motion and stayed the appeal for one year.

Havana Club

The Havana Club brand is owned in most countries by a joint venture company called Havana Club Holding SA (HCH) and in some countries by a Cuban public company (Cubaexport). Ownership of this brand is currently being contested in the United States, as well as in Canada and Spain by a competitor of the Group.

A United States law relating in particular to the conditions for the protection of brands nationalized by the Castro regime was voted in 1998. This law was condemned by the World Trade Organization (WTO) in 2002 but to date the United States has not modified its legislation to conform to the WTO decision.

OFAC (Office of Foreign Assets Control) has decided that this same law had the effect of preventing any renewal of the "Havana Club" mark which is owned in the United States by Cubaexport. In August 2006, the United States Patent and Trademark Office (USPTO) failed to accept Cubaexport's renewal application in respect of the US registration for Havana Club following guidance from OFAC. Cubaexport has petitioned the Director of the USPTO to reverse this decision and has sued OFAC in a separate proceeding in Federal district Court for the District of Columbia challenging OFAC's decision and the law and regulations OFAC applied. Cubaexport's petition against USPTO's decision has been stayed pending the outcome of the OFAC proceeding. The outcome of this proceeding (which may be appealed) could be known by March 2009.

A competitor of the Group sought in the USPTO, to cancel the "Havana Club" trademark registration which is in the name of Cubaexport. On 29 January 2004, the USPTO rejected this action, refusing to cancel the registration. As this decision was appealed, proceedings are now pending before the Federal Court for the District of Columbia. These proceedings have been stayed pending the outcome of Cubaexport's petition in the USPTO.

In August 2006, this competitor introduced a Havana Club rum in the United States which is manufactured in Puerto Rico. Pernod Ricard USA has instituted litigation in the Federal Court for the District of Delaware claiming that the competitor is falsely claiming to own the Havana Club trademark and that this false claim and the use of "Havana Club" on rum of non-Cuban origin is misleading and should be enjoined.

The case is still pending and a trial is expected in March 2009.

HCH's rights relating to the Havana Club brand in Spain were confirmed in June 2005 by the First Instance Court in proceedings initiated in 1999 by, notably, this same competitor. This decision was appealed before the Madrid Provincial Audience by the plaintiffs but such appeal was rejected in February 2007. They have appealed before the Spanish Supreme Court the decision of the Madrid Provincial Audience. A decision regarding the admissibility of this appeal should be reached before December 2009. If the appeal is admitted, the Supreme Court will have to decide – at a later stage – on the merits of the appeal.

Champomy

During 2001, the National Institute for Appellations of Origin (INAO) and the French Comité Interprofessionnel des Vins de Champagne (CIVC) summoned Pernod Ricard and its subsidiaries before the Courts of Paris in order to request the invalidity of the Champomy brands and the prohibition from using them on the grounds that they constitute a violation of the Champagne appellation of origin. Since then, these brands have been sold to the Cadbury Schweppes group. However, Pernod Ricard has granted a warranty to the purchaser with regard to the validity of these trademarks and its contractual liability would be triggered in the event that Champomy brands are cancelled. Pursuant to a court decision of 10 May 2006, the Paris First Instance Court dismissed all the claims of INAO and CIVC. INAO and the CIVC have lodged an appeal but most of their claims were also dismissed by Paris Court of Appeal on 7 November 2007. CIVC and INAO filed an appeal to the Cour de Cassation and presented their supplemental brief in July 2008. A decision is expected in 2010.

b) Commercial disputes

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

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

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

The defendants moved to dismiss the lawsuit on a variety of grounds, including that the Court lacks subject matter jurisdiction, that Colombia is a more convenient forum, and that the Complaint, fails to state a legal claim. On June 19, 2007, the District Court granted in part and denied in part the defendants' motions to dismiss.

On January 18, 2008, the Second Circuit Court of Appeals refused to review the District Court's decision.

The Parties have now begun to take discovery regarding the Plaintiffs'claims that were not dismissed. Pernod Ricard will continue to vigorously defend itself against the claims.

Excise duties in Turkey

Allied Domecq Istanbul Iç ve Dis Ticaret Ltd.Sti ("Allied Domecq Istanbul"), as well as some of its competitors, is involved in a customs valuation dispute relating to the customs valuation of certain imports to Turkey. The main issue relates to whether the sales price of Duty Free goods can be used in declaring the customs value for import into Turkey. To date, the customs agency has commenced proceedings against Allied Domecq Istanbul in Turkey for non-compliance with customs regulations in respect of 14 imports. Allied Domecq Istanbul is actively defending its position.

c) Putative Class Actions in the United States

Sale of Spirits in the United States

Allied Domecq Spirits & Wine Americas Inc., Allied Domecq Spirits & Wine USA, Inc., Allied Domecq North America Corp., Hiram Walker G&W Inc., and Hiram Walker-A.V. Corp. ("Allied Domecq entities"), together with most other major companies in the Wines & Spirits segment in the U.S.A., were named and served with complaints in a number of nearly identical putative class action lawsuits. The plaintiffs alleged that the defendants engaged in a sophisticated and deceptive scheme to market and sell alcohol to underage consumers. The counts alleged included unjust enrichment, negligence, civil conspiracy, fraudulent concealment, and violations of various state consumer protection statutes. These lawsuits were filed and served in the states of Ohio, Wisconsin, Michigan, and West Virginia. Lawsuits were also filed in Colorado, North Carolina, and the District of Columbia, but did not name Allied Domecq entities as defendants. In addition, plaintiffs filed similar actions in state courts in New York and Florida. Both actions were later voluntarily dismissed by the plaintiffs.

All four lawsuits in which Allied Domecq entities were named and served – Wisconsin, Ohio, Michigan, and West Virginia – were dismissed with prejudice by the courts in those jurisdictions. The courts considering the other lawsuits also dismissed the complaints, except for the North Carolina case where the court did not issue a decision. Plaintiffs filed appeals from all of these dismissals, but after losing several appeals, the plaintiffs voluntarily dismissed all remaining cases that had not yet been decided on appeal. Accordingly, these lawsuits have all been favourably resolved by way of dismissal with prejudice.

Origin of Stolichnaya

On October 18, 2006, Russian Standard Vodka (USA), Inc. and Roust Trading Limited filed suit against Allied Domecq Spirits & Wine USA, Inc. ("ADSWUSA") and Pernod Ricard USA, Llc ("PRUSA") in the United States District Court for the Southern District of New York. On 4 December 2006, plaintiffs filed an amended complaint adding S.P.I. Group SA and S.P.I. Spirits (Cyprus) Limited (together, "SPI") as defendants. Plaintiffs allege that the defendants are engaged in false advertising under federal and New York State law, and deceptive trade practices and unfair competition, by advertising and promoting Stolichnaya vodka as "Russian Vodka" and by making certain related claims on defendants' website and in defendants' advertising. Plaintiffs also seek a declaration by the Court that they have not engaged in false advertising by virtue of their public statements challenging the "Russian" character of Stolichnaya vodka, and seek actual, statutory, compensatory, treble and punitive damages, as well as disgorgement of the Company's related profits. ADSWUSA and PRUSA moved to dismiss the declaratory judgment count and for a stay of the litigation to permit the National Advertising Division of the Council of Better Business Bureaus (the "NAD") to complete its investigation into parallel claims filed last year by PRUSA. S.P.I. also moved to dismiss the declaratory judgment count and a claim for unjust enrichment.

In a 20 November 2007 decision, the Court: (1) granted ADSWUSA's and PRUSA's motion to dismiss the declaratory judgment count with respect to their past statements; (2) denied the motion to dismiss the declaratory judgment count with respect to ADSWUSA's and PRUSA's potential future statements; (3) granted SPI's motion to dismiss the declaratory judgment count; (4) dismissed as to all defendants plaintiffs' claim for unjust enrichment; and (5) stayed the case so that the NAD could complete its work and issue a decision.

On 24 January 2008, the NAD ruled on PRUSA's claims. It found that Russian Standard lacked a basis for claiming that Stolichnaya is distilled in Latvia or that anything other than filtration, bottling and shipping occur in Latvia. The NAD also accepted PRUSA's position that vodka made in Russia and bottled in Latvia is "Russian vodka". Lastly, NAD ruled that Russian Standard cannot disparage the authenticity of Stolichnaya in the abstract, although it is permitted to state specifically that Stolichnaya is filtered and bottled in Latvia and that Russian Standard believes that such steps undermine the true Russian authenticity of the product, whereas its products are made, filtered and bottled entirely in Russia.

On 8 February 2008, the defendants filed answers against the remaining claims in the court action, denying liability. The case has now entered the discovery phase, which, pursuant to a discovery schedule agreed upon by the parties (but not yet approved by the Court), will last until June 2009.

Note 24 Related parties

The remuneration paid to Company Directors and Group Executive Committee members in return for their services to the Group are detailed below:

In euro million	30.06.2007	30.06.2008
Board of Directors*	1	1
Group Executive Committee		
– Short-term benefits	12	14
– Post-employment benefits	4	4
– Share-based payments**	5	5
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 10 to 15.*

Note 25 Post balance sheet events

On 23 July 2008, Pernod Ricard acquired 100% of the shares in the Vin&Sprit Group (V&S), the owner of the ABSOLUT vodka brand, among others. The acquisition was funded by means of a syndicated multi-currency loan. No share swap or issue is planned as part of this acquisition.

V&S operates in the Wines & Spirits market. V&S produces and distributes ABSOLUT vodka, as well as other international brands, such as Cruzan rum and Plymouth gin. V&S also owns spirits brands marketed locally in Scandinavia and also distributes wine brands in this region. The ABSOLUT brand is the leading Premium vodka internationally and on the American market.

On 28 August 2008, the Pernod Ricard Group announced its agreement to sell the Cruzan brand to Fortune Brands for $100 million (i.e. €68 million).

In the United States, V&S distributed its brand portfolio via the Future Brands joint venture owned 49/51 by V&S and Fortune Brands respectively. The agreement under which V&S brands were distributed by Future Brands was contractually to expire in February 2012. At 28 August 2008, the joint venture partners agreed on the early termination of this contract in October 2008 in return for a compensatory payment of $230 million (i.e. €156 million) to be made by Pernod Ricard to Fortune Brands.

In most other markets, distribution was provided by Maxxium, a company owned jointly by V&S (25%), Fortune Brands (25%), Rémy Cointreau (25% – this holding will be withdrawn in 2009) and The Edrington Group (25%). On 3 September 2008, Pernod Ricard reached an agreement with the three other Maxxium shareholders for early termination on 1 October 2008 of the V&S brand distribution agreement, particularly ABSOLUT vodka, by Maxxium. With respect to this agreement, the Group has paid €59 million in compensation to Maxxium. In addition, V&S's 25% share in the company will be purchased by Maxxium for €60 million. This sale of shares will take place on 30 March 2009.

A new syndicated multi-currency loan of €11.5 billion enabled the Group to fund this acquisition, as well as repay in full the syndicated loan granted on 21 April 2005.

€2,707 million and $10,214 million were drawn down from this new syndicated loan on 23 July 2008. The facilities of this new loan, whether revolving or fixed maturity, denominated in euros, American dollars or multiple currencies, bear interest at a rate corresponding to the applicable LIBOR (or, for euro denominated borrowing, EURIBOR), increased by a pre-determined margin and mandatory costs. These facilities have initial maturities ranging from 2 to 5 years.

The Company restructuring cost is equivalent to €5,327 million, excluding costs directly related to the acquisition. This corresponds to the price paid to the Swedish State for the V&S shares, including the funding of V&S operating cash flows in the period between 1 January 2008 and the date on which the acquisition contract was signed, and excluding €85 million in dividends distributed by V&S to the Swedish state in May 2008.

Furthermore, €521 million was paid to V&S to reimburse a debt to the Swedish state.

In accordance with IFRS 3, the Group is currently engaged in the preliminary allocation of the acquisition cost in order to identify the fair values of the assets, liabilities and any assumed liabilities on the date of acquisition. The final allocation, which will be made within 12 months, may differ from the preliminary allocation.

The main assets, liabilities and assumed liabilities identified to date are as follows:

- intangible assets: brand portfolio of wines and spirits produced by V&S. The brands are appraised by an independent expert appraiser using generally accepted appraisal techniques. Some of the brands acquired are eligible for future tax benefits related to the impairment of brands for tax purposes. The advantages may benefit a later buyer and will be included in the fair value of these brands. A deferred tax liability will be recognised on the difference between the carrying amounts of these brands and their value for tax purposes;
- the amount by which the acquisition cost exceeds the net fair value of the assets, liabilities and any liabilities identified at a later date will be recognised as goodwill.

The following table contains an initial estimate of V&S assets and liabilities on the date of acquisition, as well as those restatements identified to date. The assets and liabilities acquired have been measured on the basis of the V&S financial statements at 30 June 2008 (currently being audited). These financial statements were converted at the currency exchange rate on the day of the transaction.

The table also includes a provisional estimate of the impact of the agreement to sell the Cruzan brand to Fortune Brands and the early termination of the distribution contracts with Future Brands and Maxxium.

In euro million	V&S 30.06.2008	Adjustments	Recognised financially in the Group	Sale agreement and early termination of distribution contracts[1]	Total
Intangible assets and goodwill	404	4,887	-	342	5,633
Other non-current assets	516	-	-	(256)	260
Non-current assets	**920**	**4,887**	**-**	**87**	**5,894**
Current assets	945	(521)	-	-	424
Assets held for sale	0	-	-	128	128
TOTAL ASSETS	**1,865**	**4,366**	**0**	**215**	**6,446**
Shareholders' equity	962	4,366	(5,327)	-	0
Provisions for risks and contingencies	8	-	-	-	8
Deferred tax liabilities	224	-	-	-	224
Financial liabilities	404	-	5,327	-	5,731
Current liabilities	268	-	-	-	268
Liabilities held for sale	0	-	-	215	215
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,865**	**4,366**	**0**	**215**	**6,446**

(1) Agreement to sell the Cruzan brand to Fortune Brands and early termination of the distribution contracts with Future Brands and Maxxium.

Intangible assets will include, among others, the brands acquired, whose value is currently being appraised by an independent appraiser. The leading brands to be recognised in the balance sheet with effect from the date of acquisition are the international brands, the main one being ABSOLUT, and the local brands.

The main adjustments shown are:

- the measurement of the leading brands acquired (prior to recognition of any associated deferred tax) and the recognition of residual goodwill after allocation of the purchase price;
- the recognition of the bank lending contracted by the Group to fund the acquisition.

The adjustments shown in the previous table do not reflect any impact resulting from fair value adjustments made subsequent to the V&S acquisition. The estimated amounts are not sufficiently reliable at this stage, particularly the measurement of disputes and distribution contracts other than those previously mentioned.

The costs directly attributable to company restructuring are not yet accounted for in the above table, the estimation of which is in progress. These financial statements will also be adjusted to reflect the interim profit/loss generated in the period between 30 June 2008 and the acquisition date.

V&S Group revenue and profit/loss as at 31 December 2007 (audited) are shown for information purposes.

These data have been converted at the average SEK/EUR exchange rate.

In euro million	31.12.2007 12 months audited
Sales	1,112
Operating profit	249

Note 26 List of main consolidated companies

Corby Distilleries Limited is consolidated using the full consolidation method because of the Group's majority control percentage in respect of this Company.

Incorporated bodies	Countries	% holding at 30.06.07	% holding at 30.06.08	Consolidation method
Pernod Ricard SA	France	Parent Company	Parent Company	
Pernod Ricard Finance SA	France	100	100	F.C.
JFA SA	France	100	100	F.C.
Ricard SA	France	100	100	F.C.
Pernod SA	France	100	100	F.C.
Cusenier SA	France	100	100	F.C.
Société des Produits d'Armagnac SA	France	100	100	F.C.
Spirits Partners	France	100	100	F.C.
Pernod Ricard Europe SA	France	100	100	F.C.
Pernod Ricard España SA	Spain	100	100	F.C.
Pernod Ricard Swiss SA	Switzerland	99.65	99.65	F.C.
Pernod Ricard Italia SPA	Italy	100	100	F.C.
Pernod Ricard Portugal – Distribuiçao SA	Portugal	94.63	100	F.C.
Pernod Ricard Deutschland GMBH	Germany	100	100	F.C.
Pernod Ricard Austria GMBH	Austria	100	100	F.C.
Pernod Ricard Nederland BV	Netherlands	100	100	F.C.
Pernod Ricard Minsk LLC	Belarus	99	99	F.C.
Pernod Ricard Ukraine SC with FI	Ukraine	100	100	F.C.
SC Pernod Ricard Romania SRL	Romania	100	100	F.C.
Georgian Wines and Spirits Company LLC	Georgia	90.0	100	F.C.
Pernod Ricard Latvia LLC	Latvia	100	100	F.C.
Pernod Ricard Estonia OÜ	Estonia	100	100	F.C.
Pernod Ricard Hungary Import Szeszesital Kereskedelmi KFT	Hungary	100	100	F.C.
Pernod Ricard Belgium SA	Belgium	100	100	F.C.
Pernod Ricard Rouss CJSC	Russia	100	100	F.C.
Pernod Ricard Sweden AB	Sweden	100	100	F.C.
Pernod Ricard Denmark A/S	Denmark	100	100	F.C.
Pernod Ricard Finland OY	Finland	100	100	F.C.
Tinville SAS	France	100	100	F.C.
Yerevan Brandy Company CJSC	Armenia	100	100	F.C.
Jan Becher – Karlovarska Becherovka, A/S	Czech Republic	100	100	F.C.
SALB, SRO	Czech Republic	100	100	F.C.
Pernod Ricard UK Ltd	United Kingdom	100	100	F.C.
Pernod Ricard Asia SAS	France	100	100	F.C.
Pernod Ricard Japan K.K.	Japan	100	100	F.C.
Pernod Ricard Asia Duty Free Ltd	China	100	100	F.C.
Pernod Ricard Taiwan Ltd	Taiwan	100	100	F.C.

Incorporated bodies	Countries	% holding at 30.06.07	% holding at 30.06.08	Consolidation method
Pernod Ricard Taiwan Spirits and Wines Ltd	Taiwan	100	100	F.C.
Pernod Ricard Thailand Ltd	Thailand	100	100	F.C.
Pernod Ricard Korea Co. Ltd	South Korea	100	100	F.C.
Pernod Ricard Singapore PTE Ltd	Singapore	100	100	F.C.
Pernod Ricard Malaysia SDN BHD	Malaysia	100	100	F.C.
Martell Far East Trading Ltd	China	100	100	F.C.
Pernod Ricard (China) Trading Co Ltd	China	100	100	F.C.
Shanghai Yijia International Trading Co. Ltd	China	100	100	F.C.
Établissements Vinicoles Champenois (EVC)	France	100	100	F.C.
Pernod Ricard North America SAS	France	100	100	F.C.
Pernod Ricard USA	United States	100	100	F.C.
Pernod Ricard CESAM (Central and South America)	France	100	100	F.C.
Pernod Ricard Argentina Corp.	Argentina	100	100	F.C.
Pernod Ricard Venezuela CA	Venezuela	100	100	F.C.
Pramsur SA	Uruguay	100	100	F.C.
Pernod Ricard Chile SA	Chile	100	100	F.C.
Pernod Ricard Colombia SA	Colombia	100	100	F.C.
Pernod Ricard Brasil Industria e Comercio PLLC	Brazil	100	100	F.C.
Pernod Ricard Uruguay SA	Uruguay	100	100	F.C.
Agros Holding SA	Poland	100	100	F.C.
Wyborowa SA	Poland	100	100	F.C.
Chivas Brothers (Holdings) Ltd	United Kingdom	100	100	F.C.
Chivas 2000 UL	United Kingdom	100	100	F.C.
The Glenlivet Distillers Ltd	United Kingdom	100	100	F.C.
Glenlivet Holdings Ltd	United Kingdom	100	100	F.C.
Hill, Thomson & Co Ltd	United Kingdom	100	100	F.C.
Chivas Brothers Pernod Ricard Ltd	United Kingdom	100	100	F.C.
Chivas Brothers Ltd	United Kingdom	100	100	F.C.
Pernod Ricard Travel Retail Europe	United Kingdom	100	100	F.C.
Irish Distillers Ltd	Ireland	100	100	F.C.
Fitzgerald & Co Ltd	Ireland	100	100	F.C.
Dillon Bass Ltd	United Kingdom	63	63	F.C.
Watercourse Distillery Ltd	Ireland	100	100	F.C.
Pernod Ricard South Africa PTY Ltd	South Africa	100	100	F.C.
Comrie Ltd	Ireland	100	100	F.C.
Martell Mumm Perrier-Jouët SAS	France	100	100	F.C.
Martell & Co SA	France	100	100	F.C.
Augier Robin Briand & Co SA	France	100	100	F.C.
Société des domaines Renault Bisquit	France	100	100	F.C.
Pernod Ricard Pacific Holding Pty Ltd	Australia	100	100	F.C.
Pernod Ricard Pacific Pty Ltd	Australia	100	100	F.C.
Orlando Wyndham Group Pty Ltd	Australia	100	100	F.C.

Incorporated bodies	Countries	% holding at 30.06.07	% holding at 30.06.08	Consolidation method
Orlando Wyndham New Zealand Ltd	Australia	100	100	F.C.
Montana Group (NZ) Limited	New Zealand	100	100	F.C.
Peri Mauritius	Mauritius	100	100	F.C.
Pernod Ricard India	India	100	100	F.C.
Seagram Distilleries (P) Limited.	India	100	100	F.C.
Havana Club Internacional	Cuba	50	50	F.C.
AD Argentina SA	Argentina	100	100	F.C.
Allied Domecq Australia Pty Ltd	Australia	100	100	F.C.
Pernod Ricard Bosnia d.o.o.	Bosnia	100	100	F.C.
Pernod Ricard Bulgaria EOOD	Bulgaria	100	100	F.C.
AD Brasil Comercio e Industria Ltda	Brazil	100	100	F.C.
Corby Distilleries Limited	Canada	45.76	45.76	F.C.
Hiram Walker and Sons Ltd	Canada	100	100	F.C.
ADSW Switzerland	Switzerland	100	100	F.C.
Tia Maria Ltd	Switzerland	100	100	F.C.
PRC Diffusion EURL	France	100	100	F.C.
Allied Domecq Spirits & Wine (Shanghai) Trading Co Ltd	China	100	100	F.C.
AD sro – Czech Republic	Czech Republic	100	100	F.C.
ADSW Danmark AS	Denmark	100	100	F.C.
ADSW Estonia AS	Estonia	100	100	F.C.
Domecq Bodegas	Spain	98.45	98.45	F.C.
ADSW Finland Oy	Finland	100	100	F.C.
Financière Moulins de Champagne S.A.S.	France	100	100	F.C.
G.H. Mumm & Cie – Sté Vinicole de Champagne Succéseur	France	99.6	100	F.C.
Champagne Perrier-Jouët SA	France	99.5	99.5	F.C.
SA Théodore Legras	France	99.5	99.5	F.C.
Allied Domecq SA	France	100	100	F.C.
AD Wine UK Ltd	United Kingdom	100	100	F.C.
ADSW Ltd	United Kingdom	100	100	F.C.
ADSW (Overseas) Ltd	United Kingdom	100	100	F.C.
Allied Domecq (Holdings) Ltd	United Kingdom	100	100	F.C.
AD Pensions Limited	United Kingdom	100	100	F.C.
AD Medical Expenses Trust Ltd	United Kingdom	100	100	F.C.
Allied Domecq Ltd	United Kingdom	100	100	F.C.
ADFS PLC	United Kingdom	100	100	F.C.
Hiram Walker and Sons (UK) Ltd	United Kingdom	100	100	F.C.
CG Hibbert Ltd	United Kingdom	100	100	F.C.
Allied Domecq Spirits & Wine (China) Ltd	China	100	100	F.C.
Pernod Ricard Croatia d.o.o.	Croatia	100	100	F.C.
AD Hungary Kft	Hungary	100	100	F.C.
Jinro Ballantines Co	South Korea	70	70	F.C.
ADSW Latvia	Latvia	100	100	F.C.

Incorporated bodies	Countries	% holding at 30.06.07	% holding at 30.06.08	Consolidation method
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 Retailing Sweden	Sweden	100	100	F.C.
AD Istanbul Dom. and Foreign Trade Ltd	Turkey	100	100	F.C.
Brand Partners	Norway	50	50	F.C.
Austin, Nichols & Co, Inc.	United States	100	100	F.C.
La Casa dels Licors	Andorra	100	100	F.C.
Pernod Ricard Lithuania	Lithuania	100	100	F.C.

Statutory Auditors' Report on the consolidated financial statements

Financial year ended 30 June 2008

Dear Shareholders,

In our capacity as Statutory Auditors, we have audited the accompanying consolidated financial statements of Pernod Ricard for the year ended 30 June 2008.

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

I. Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements for the year give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of entities in accordance with IFRS as adopted by the European Union.

II. Justification of assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters.

As stated in note 1.5 to the consolidated financial statements, your Company's management makes a certain number of estimates and assumptions in preparing its financial statements. The note also states that certain circumstances could lead to changes in these estimates and that actual outcomes could be different. These material accounting estimates concern goodwill and intangible assets, property, plant and equipment, provisions for pensions and other long-term employee benefits, deferred taxes and provisions.

In accordance with the professional standards applicable in France to accounting estimates, we completed the following tasks in particular:

- as regards the assets referred to above, we assessed the data and assumptions on which the estimates are based, particularly the cash flow forecasts prepared by the Company's operational management teams, reviewed the calculations performed by the Company, evaluated the principles and methods used to determine fair values, compared the accounting estimates made in prior years with corresponding outcomes and reviewed the procedure under which these estimates are approved by management;
- as regards provisions, we assessed the bases on which these provisions were recognised, reviewed disclosures concerning risks in the notes to the consolidated financial statements and reviewed the procedure under which these estimates are approved by management.

The assessments were thus made in the context of the performance of our audit of the consolidated financial statements taken as a whole and therefore contributed to the formation of our audit opinion expressed in the first part of this report.

III. Specific verification

In accordance with the professional standards applicable in France, we also verified the information given in the Group management report. We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

Neuilly-sur-Seine, on 18 September 2008

The Statutory Auditors

Deloitte & Associés
Alain Penanguer

Mazars & Guérard
Loïc Wallaert

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PERNOD RICARD SA FINANCIAL STATEMENT

Income statement

For the financial years ending 30 June 2007 and 30 June 2008

In euro thousand	30.06.2007	30.06.2008
Royalties	39,772	39,313
Other income	39,806	23,230
Reversal of provisions	2,350	2,413
TOTAL OPERATING INCOME	**81,927**	**64,956**
External services	(76,176)	(73,201)
Duties and taxes	(4,111)	(5,164)
Personnel expenses	(30,505)	(33,537)
Depreciation, amortisation and provision charges	(7,195)	(9,254)
Other expenses	(671)	(592)
TOTAL OPERATING EXPENSES	**(118,659)**	**(121,749)**
Operating profit (loss)	**(36,731)**	**(56,793)**
Income from investments	225,975	1,052,768
Other interest and related income	551,261	155,509
Reversal of provisions	14,821	4,785
Currency translation gains	55,193	229,559
TOTAL FINANCIAL INCOME	**847,251**	**1,442,621**
Provision charges	(6,732)	(40,948)
Interests and related expenses	(176,491)	(289,403)
Currency translation losses	(55,426)	(228,153)
TOTAL FINANCIAL EXPENSES	**(238,648)**	**(558,503)**
Interest (expenses) income	**608,602**	**884,118**
Profit before tax and exceptional items	**571,871**	**827,325**
Exceptional items	**(30,404)**	**98,272**
Profit before tax	**541,467**	**925,597**
Corporate income tax	56,026	(16)
PROFIT FOR THE FINANCIAL YEAR	**597,493**	**925,581**

Balance sheet

Assets

For the financial years ending 30 June 2007 and 30 June 2008

In euro thousand	Notes	Net value 30.06.2007	Gross value 30.06.2008	Depreciation, amortisation & provisions	Net value 30.06.2008
Intangible assets	**2**	**33,641**	**41,241**	**(7,493)**	**33,748**
Legal goodwill, brands and software		33,641	41,241	(7,493)	33,748
Property, plant and equipment		**5,043**	**11,263**	**(6,644)**	**4,619**
Land		948	948	-	948
Buildings		907	2,117	(1,245)	872
Machinery & equipment		2	53	(49)	4
Other property, plant and equipment		3,186	8,144	(5,350)	2,794
Financial fixed assets	**3**	**7,106,546**	**8,646,464**	**(156,968)**	**8,489,496**
Investments	3	6,449,269	8,513,244	(150,860)	8,362,383
Loans and advances to subsidiaries and associates	3 and 4	482,098	56,385	-	56,385
Loans	3 and 4	18	18	-	18
Guarantee deposits	3 and 4	1,307	1,369	-	1,369
Treasury shares	3 and 4	173,855	75,448	(6,108)	69,340
TOTAL FIXED ASSETS		**7,145,230**	**8,698,967**	**(171,105)**	**8,527,863**
Advances and supplier prepayments	**3 and 4**	**142**	**361**	**-**	**361**
Accounts receivable	**4**	**56,858**	**97,821**	**(529)**	**97,291**
Trade receivables		48,069	91,241	(529)	90,711
Other operating receivables		8,790	6,580	-	6,580
Sundry receivables	**4**	**127,418**	**55,139**	**(10,256)**	**44,883**
Marketable securities	**5**	**139,566**	**8,843**	**(219)**	**8,624**
Cash		**4,632**	**786**	**-**	**786**
TOTAL CURRENT ASSETS		**328,616**	**162,949**	**(11,004)**	**151,945**
Prepaid expenses	6	5,204	56,359	-	56,359
Bond redemption premiums	6	2,702	2,247	-	2,247
Currency translation adjustment – Asset	6	12,006	19,181	-	19,181
TOTAL PREPAYMENTS AND DEFERRED CHARGES		**19,911**	**77,786**	**-**	**77,786**
TOTAL ASSETS		**7,493,758**	**8,939,703**	**(182,109)**	**8,757,594**

Liabilities and shareholders' equity

For the financial years ending 30 June 2007 and 30 June 2008

In euro thousand	Notes	30.06.2007	30.06.2008
Share capital	**7**	**339,797**	**340,509**
Additional paid-in capital		**2,053,333**	**2,065,686**
Reserves		**204,219**	**213,539**
Legal reserves		24,660	33,980
Regulated reserves		179,559	179,559
Other reserves		**195,013**	**195,013**
Retained earnings		**193,340**	**517,716**
Profit for the financial year		**597,493**	**925,581**
Regulated provisions	**9**	**-**	**-**
Interim dividends awaiting appropriation		**(133,407)**	**(138,400)**
TOTAL SHAREHOLDERS' EQUITY	**8**	**3,449,787**	**4,119,643**
Provisions for risks and contingencies	**9**	**44,724**	**100,723**
Debt		**2,711,152**	**3,310,256**
Bonds	4 and 13	865,390	865,613
Bank debt	4 and 14	1,814,626	2,432,933
Perpetual subordinated notes (T.S.D.I.)	4 and 15	24,233	-
Other debt	4	6,903	11,710
Trade and other accounts payable	**4**	**53,481**	**66,736**
Trade payables		36,532	43,116
Taxes and social security		16,949	23,620
Other liabilities	**4**	**1,226,237**	**1,091,531**
Other payables		1,226,237	1,091,531
TOTAL LIABILITIES		**3,990,871**	**4,468,523**
Deferred income	**4 and 11**	**632**	**55,536**
Currency translation adjustment – Liability	**11**	**7,744**	**13,169**
TOTAL PREPAYMENTS AND DEFERRED CHARGES		**8,375**	**68,705**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**7,493,758**	**8,757,594**

Cash flow statement

For the financial years ending 30 June 2007 and 30 June 2008

In euro thousand	30.06.2007	30.06.2008
Operating activities		
Net profit	597,493	925,581
Depreciation and amortisation	189,842	155,806
Changes in provisions	(28,641)	50,608
Net (gain)/loss on disposal of assets and other items	-	-
Self-financing capacity	**758,694**	**1,131,995**
Decrease/(increase) in working capital	99,588	105,515
Net debt from operating activities	**858,282**	**1,237,510**
Investing activities		
Capital expenditure	(1,927)	(1,820)
Purchases of financial assets net of disposals	(210,694)	(1,536,618)
Net debt from investing activities	**(212,621)**	**(1,538,438)**
Financing activities		
Bond issue	852,700	679
Other changes in shareholders' equity	(437,747)	16,151
Dividends paid	(358,142)	(266,880)
Net debt from financing activities	**56,811**	**(250,050)**
Change in net debt	**702,472**	**(550,978)**
Net debt at the beginning of the year	(3,329,384)	(2,626,912)
Net debt at the end of the year	(2,626,912)	(3,177,890)

Note: presentation of cash flow statement

Changes in net debt comprise changes in both debt and cash and cash equivalents.

Net debt is broken down as follows:

In euro thousand	12 months 30.06.2007	12 months 30.06.2008
Loans and long-term debts	(1,858,452)	(2,454,628)
Net balance on current account with Pernod Ricard Finance	(913,001)	(732,891)
Marketable securities	139,909	8,843
Cash	4,632	786
NET DEBT AT THE END OF THE YEAR	**(2,626,912)**	**(3,177,890)**

Analysis of results

Relations between the Parent Company and its subsidiaries

The main role of Pernod Ricard SA, the Group's Parent Company, is to carry out general interest and coordination activities in the areas of strategy, financial control of subsidiaries, acquisitions, 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 purchases of advertising space, and receipt of dividends.

Highlights of the financial year

Division of the share par value

Pernod Ricard notes that the Combined (Ordinary & Extraordinary) Shareholders' Meeting of 7 November 2007 decided in its seventeenth resolution, to divide the par value of Pernod Ricard shares by two (the split took effect on 15 January 2008), and, correlatively, to exchange each share worth €3.10 on 15 January 2008 for two new shares worth €1.55 each.

From this date, the number of shares making up the share capital was doubled, and the share was traded at half its trading price.

This transaction did not incur any fees, any formalities or any loss of rights for any Pernod Ricard shareholders.

Starting on 15 January 2008, the number of shares making up Pernod Ricard's capital was 219,480,724 shares of a par value of €1.55 each.

Sale and repurchase agreements for treasury shares

In relation to sale and repurchase agreements, Pernod Ricard resold 5,955,534 treasury shares purchased to cover certain stock option plans. For these operations, the stock held to cover a number of stock option plans was transferred to three different banks, although Pernod Ricard reserved the right through a repurchase clause to buy up these shares during exercise of options at the exercise price. These operations 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 considered 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.

The sale and repurchase agreements concerned the 4 following plans:

Sale and repurchase agreement date	Number of shares sold	Sale price, net of the sale and repurchase bonus (in euro)	Dates of the Board of Directors Meetings that authorized the plans
06.03.2008	2,079,776	48.0	14.06.2006
11.03.2008	1,782,028	38.8	02.11.2004
13.03.2008	1,200,000	33.7	18.12.2003
13.03.2008	893,730	45.2	25.07.2005

The sale and repurchase transaction concerned 5,955,534 shares and generated a receipt of €250 million.

These sales were authorised by the 27 February 2008 Board of Directors Meeting.

Stock option hedging

The Group introduced two hedging plans (Pernod Ricard share call option) to hedge the stock option programmes:

- the 12 June 2007 call option concerns 798,402 shares since the stock split at the 15 January 2008. It covers Plan 14.A, approved by the 21 June 2007 Board of Directors Meeting and has a final expiry date of 15 June 2011;
- the 26 June 2008 call option concerns 1,050,000 shares. It covers the plan which entered into effect on 18 June 2008, approved by the 18 June 2008 Board of Directors Meeting and which has a final expiry date of 11 June 2012.

These call options may be exercised, partially or wholly, at any time.

Events after the balance sheet date

On 23 July 2008, Pernod Ricard acquired 100% of the shares in the Vin&Sprit Group (V&S), the owner of the ABSOLUT vodka brand, among others. The acquisition was funded by means of a syndicated multi-currency loan. No share swap or issue is planned as part of this acquisition.

A new multicurrency syndicated loan of €11.5 billion enabled the Group to fund this acquisition, as well as repay in full the syndicated loan granted on 21 April 2005.

€2,707 million and $10,214 million were drawn down from this new syndicated loan on 23 July 2008. The facilities of this new loan, whether revolving or fixed maturity, denominated in euros, American dollars or multiple currencies, bear interest at a rate corresponding to the applicable LIBOR (or, for euro denominated borrowing, EURIBOR), increased by a pre-determined margin and mandatory costs. These facilities have initial maturities ranging from 1 to 5 years.

The cost of business combination amounted to an amount equivalent to €5,327 million (excuding costs directly attributable to the acquisition). This represents the price paid to the Swedisk state for the V&S shares, including compensation for V&S's operating cash flow between 1st January 2008 to the date the acquisition contract was signed, and excluding €85 million dividends paid by V&S to the Swedish state in May 2008.

Besides, an amount of €521 million was paid to V&S to cancel a V&S receivable towards the Swedish state.

Earnings and balance sheet at 30 June 2008

Analysis of the 2007/2008 income statement

Operating income, including, among others, royalties received for brands that belong to Pernod Ricard SA, for a total of €65.5 million compared with €81.9 million in 2007. This decrease is related to a lower level of media rebilling to Group subsidiaries.

Operating expenses amount to €(121.7) million compared with €(118.7) million the previous year. This €(3.0) million change is due to two effects: the increase in payroll expenses and the decrease in Media expenses.

An operating loss of €(56.8) million was incurred in the financial year ending 30 June 2008.

Income amounted to €884.1 million, compared with €608.6 million at end June 2007.

Profit before tax and exceptional items amounted to €827.3 million.

Exceptional items at 30 June 2008 included €98.3 million in income, mainly linked to reversals in provisions on shares and share disposals.

Finally, corporate income tax represented an expense of €16,011 related to the effects of tax consolidation.

In consequence, net profit at 30 June 2008 amounts to €925.6 million.

Analysis of the 2007/2008 balance sheet

Pernod Ricard's balance sheet total at 30 June 2008 was €8,757.6 million, an increase of €1,263.8 million compared with 30 June 2007, linked with the increase in our investments.

Assets

Total net fixed assets stood at €8,527.9 million, compared with €7,145.2 million the previous financial year. This €1,382.7 million increase is mainly due to the rise in Group investments.

Current assets fell by €176.7 million during the year, to €151.9 million at 30 June 2008. The disposal of nearly all the marketable securities (sale and repurchase of stock options) is the reason for this considerable decrease.

The €51.2 million increase in prepayments (sale and repurchase expenses) caused the increase in adjustment accounts. Total adjustment assets were €77.8 million at year end.

Liabilities and shareholders' equity

Shareholders' equity stood at €4,119.6 million, compared with €3,449.8 million for the previous financial year. The €669.8 million increase in shareholders' equity is linked to net profit and retained earnings from the previous financial year.

Provisions for risks and contingencies were up by €56 million due to the provisions for risks recorded under the stock option plans and the bonus share allocation.

During the financial year, total liabilities increased by €477.7 million. The increase is particularly linked to new borrowings contracted by Pernod Ricard Finance within the framework of our subsidiaries' recapitalisation.

Adjustment income increased by €60.3 million during the financial year, in line with the neutralisation of sale and repurchase transactions on treasury shares.

Note to the Parent Company financial statements

Pernod Ricard SA ("Pernod Ricard") is a French public limited company (Société Anonyme), subject to all laws governing commercial companies in France, including in particular the provisions of the French Commercial Code. The Company is headquartered at 12, place des États-Unis, 75016 Paris and is listed on the Paris Stock Market.

The balance sheet total for the financial year ended 30 June 2008 amounts to €8,757,594,186.61. The income statement for the year shows a net profit of €925,580,852.74. The financial year covered the 12-month period from 1 July 2007 to 30 June 2008.

Note 1 Accounting policies

The 2008 financial statements were prepared in accordance with the French generally accepted accounting principles. General accounting principles were applied, in accordance with the prudence principle, using certain assumptions whose objective is to provide a true and fair view of the Company. These assumptions are:

- going concern;
- consistency of accounting policies from one financial year to the next;
- accruals basis of accounting.

Balance sheet assets and liabilities are measured, depending on the specific items, at their historical cost, contribution cost or market value.

1. Intangible assets

The brands arising from the merger of Pernod and Ricard in 1975 and from subsequent mergers are the Company's main intangible assets.

The gross value of intangible assets is valued at the acquisition cost.

2. Property, plant and equipment

Property, plant and equipment are recognised at acquisition cost (purchase price plus ancillary costs, excluding acquisition costs). 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. Investments

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 book value, 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 caption includes own shares held by Pernod Ricard that have been allocated to cover stock options granted to employees, subsequent to their acquisition.

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 book value.

5. Marketable securities

This caption includes the treasury shares acquired in the context of putting in place stock option plans and allocated to such plans as from the date of acquisition.

In order to provide for the expense associated with the probable exercise of options, a provision is recognised at the balance sheet date of the year the plan is put in place if the exercise price set under the plan is less than the purchase price of the shares by Pernod Ricard.

6. Provisions for risks and contingencies

Provisions for risks and contingencies are recognised in accordance with French accounting regulation 2000-06 on liabilities, issued on 7 December 2000 by the French Accounting Regulatory Committee (CRC).

This accounting regulation provides that a liability is recognised when an entity has an obligation towards a third party and that it is probable or certain that this obligation will cause an outflow of resources to the third party without equivalent consideration being received. A present obligation must exist at the balance sheet date for a provision to be recognised.

7. Translation of foreign currency denominated items

Payables, receivables and cash balances denominated in foreign currencies are translated into euros as follows:

- translation of all payables, receivables and cash balances denominated in foreign currencies at year-end rates;
- recognition of differences compared to the amounts at which these items were initially recognised as currency translation adjustment assets or liabilities in the balance sheet;
- recognition of a provision for any unrealised foreign exchange losses, after taking into account the effect of any offsetting foreign exchange hedge transactions.

8. Derivative financial instruments

Differences arising from changes in the value of financial instruments used as hedges are recognised in profit and loss in a manner symmetrical to the manner in which income and expenses relating to the hedged item are recognised.

9. Corporate income tax

Pernod Ricard is subject to the French tax consolidation system defined by the law of 31 December 1987. Under certain conditions, this system allows income taxes payable by profitable companies to be offset against tax losses of other companies. The scheme is governed by articles 223A *et seq.* of the French Tax Code.

Each company in the tax group calculates and accounts for its tax expense as if it were taxed as a standalone entity.

The effects of tax consolidation are recognised in Pernod Ricard's financial statements.

Note 2 Intangible assets

GROSS VALUE

In euro thousand	At 01.07.2007	Acquisitions	Disposals	At 30.06.2008
Legal goodwill	915	-	-	915
Brands	32,601	-	(11)	32,590
Software	6,102	1,534	-	7,636
Advances and down-payments on intangible assets	173	1,351	(1,423)	99
TOTAL	**39,791**	**2,884**	**(1,434)**	**41,241**

AMORTISATION

In euro thousand	At 01.07.2007	Allowances	Reversals	At 30.06.2008
Legal goodwill	(915)	-	-	(915)
Brands	(2)	-	-	(2)
Software	(5,233)	(1,343)	-	(6,576)
TOTAL	**(6,150)**	**(1,343)**	**0**	**(7,493)**

Note 3 Financial fixed assets

GROSS VALUE

In euro thousand	At 01.07.2007	Reclassification	Acquisitions	Capital transaction	Disposals	At 30.06.2008
Investments in consolidated entities	6,591,187	11,368	1,590	2,018,480	(182,283)	8,440,342
Investments in non-consolidated entities	24,248	(11,368)	-	-	(299)	12,581
Other investments	365,172	-	-	3,694	(308,865)	60,001
Deferred expenses	1,949	-	-	-	(1,949)	-
Advance on investment	321	-	-	-	-	321
Financial fixed assets	**6,982,876**	**0**	**1,590**	**2,022,173**	**(493,395)**	**8,513,244**
Loans and advances to subsidiaries and associates	482,098		108,471	-	(534,185)	56,385
Loans	18	-	-	-	-	18
Guarantee deposits	1,307	-	120	-	(57)	1,369
Treasury shares[1]	173,855	-	110,442	-	(208,849)	75,448
TOTAL	**7,640,154**	**0**	**220,623**	**2,022,173**	**(1,236,486)**	**8,646,464**

(1) 513,913 treasury shares were acquired during the stock option plan.
5,955,534 shares were sold under sale and repurchase agreements, including 2,973,506 treasury shares listed as treasury shares.

PROVISIONS

In euro thousand	At 01.07.2007	Allowances	Reversals	At 30.06.2008
Investments in consolidated entities	(190,018)	(111,604)	187,401	(114,221)
Investments in non-consolidated entities	(2,690)	-	2,330	(360)
Other investments[1]	(338,630)	(35,958)	338,630	(35,958)
Deferred expenses	(1,949)	-	1,949	-
Advance on investment	(321)	-	-	(321)
Financial fixed assets	**(533,608)**	**(147,562)**	**530,309**	**(150,860)**
Treasury shares	(0)	(6,108)	-	(6,108)
TOTAL	**(533,608)**	**(153,669)**	**530,309**	**(156,968)**

(1) Reversals in provisions are mainly related to investments in companies in the Seagram scope.

Note 4 Maturity of receivables and payables

TRADE RECEIVABLES

In euro thousand	Gross amount	Due in less than one year	Due in more than one year
Loans and advances to subsidiaries and associates	56,385	56,385	-
Loans	18	-	18
Other financial fixed assets	1,369	-	1,369
Treasury shares: stock option plans	75,448	-	75,448
Receivables and other financial fixed assets	**133,220**	**56,385**	**76,836**
Current assets other than marketable securities and cash	153,320	98,181	55,139
Prepayments	56,359	2,856	53,502
TOTAL	**342,899**	**157,422**	**185,477**

LIABILITIES

In euro thousand	Gross amount	Due in less than one year	Due between one and five years	Due in more than five years
Bonds	865,613	15,613	300,000	550,000
Bank debt	1,531,003	1,818	1,529,185	-
Pernod Ricard Finance borrowing	901,930	6,580	895,350	-
Other debt	11,710	11,710	-	-
Operating payables	66,736	66,736	-	-
Other liabilities	1,091,531	160,300	931,230	-
Deferred income	55,536	44	55,126	366
TOTAL	**4,524,058**	**262,802**	**3,710,891**	**550,366**

Note 5 Marketable securities

In euro thousand	At 01.07.2007		Split (in 2)	Exercise/Disposal		At 30.06.2008	
	Number	Value	Quantity(1)	Quantity(2)	Value	Number	Value
Pernod Ricard shares							
– gross value	1,984,643	139,909	1,830,750	3,357,872	131,066	457,521	8,843
– impairment	-	(343)	-	-	(125)	-	(219)
– net value	**1,984,643**	**139,566**	**1,830,750**	**3,357,872**	**130,941**	**457,521**	**8,624**

(1) *The 7 November 2007 Shareholders' Meeting decided to divide the par value of Pernod Ricard shares by two (the split took effect on 15 January 2008), and, correlatively, to exchange each share worth €3.10 on 15 January 2008 for two new shares worth €1.55 each.*

(2) *The Group sold underlying shares from certain stock option plans. This disposal occurred as part of the "sale and repurchase transactions". These sales concerned 5,955,534 shares, including 2,982,028 treasury shares included in the marketable securities caption.*

Note 6 Prepayments, deferred charges and adjustment accounts

In euro thousand	At 01.07.2007	Increases	Decreases	At 30.06.2008
Prepaid expenses	5,204	57,652	(6,497)	56,359
Bond redemption premiums	2,702		(455)	2,247
Currency translation adjustment – Asset	12,006	19,181	(12,006)	19,181
TOTAL	**19,911**	**76,833**	**(18,958)**	**77,785**

The increase in prepaid expenses is due to sale and repurchase transactions on stock options.

Note 7 Composition of share capital

At 30 June 2008, the share capital was composed of 219,682,974 shares with a unit par value of €1.55. Total share capital thus amounted to 340,508,609.70.

Note 8 Shareholders’ equity

In euro thousand	At 01.07.2007	Allocation of income	Change in share capital/Other	Dividend distribution	2008 results	At 30.06.2008
Share capital	339,797	-	712	-	-	340,509
Share premiums	2,053,333	-	12,354	-	-	2,065,687
Legal reserve	24,660	9,320	-	-	-	33,980
Regulated reserves	179,559	-	-	-	-	179,559
Other reserves	195,013	-	-	-	-	195,013
Retained earnings	193,340	588,173	3,083	(266,880)	-	517,716
Profit for the financial year	597,493	(597,493)	-	-	925,581	925,581
Interim dividend to be paid	-	-	-	(138,400)	-	(138,400)
Interim dividends awaiting appropriation	(133,407)	-	-	133,407	-	0
TOTAL	**3,449,787**	**(0)**	**16,149**	**(271,874)**	**925,581**	**4,119,643**

The main movements in share capital in the year were as follows:

Incidence of the share split	Share capital	Share premiums
Stock option plans	712	12,354

Note 9 Provisions

In euro thousand	At 01.07.2007	Increases in the year	Reversals on use	Reversals of unused provisions	At 30.06.2008
Provisions for risks and contingencies					
Provision for foreign exchange losses	5,956	7,823	(5,956)	-	7,824
Other provisions for risks and contingencies	8,424	56,562	-	(6,173)	58,813
Provisions for pensions and other long-term employee benefits	30,344	6,142	-	(2,400)	34,086
TOTAL 1	**44,724**	**70,528**	**(5,956)**	**(8,573)**	**100,723**
Provisions for depreciations and amortization					
On intangible assets	915	-	-	-	915
On financial fixed assets	533,608	153,669	(311,162)	(219,147)	156,968
On accounts receivable	-	529	-	-	529
On sundry receivables	16,052	266	-	(6,062)	10,256
On marketable securities	343	-	(125)	-	219
TOTAL 2	**550,917**	**154,465**	**(311,287)**	**(225,209)**	**168,887**
OVERALL TOTAL	**595,642**	**224,993**	**(317,243)**	**(233,782)**	**269,610**

Provisions for risks and contingencies

The increase in "Other provisions for risks and contingencies" is due to the €52.8 million allocation to cover the risks on call options (maturity June 2011 for Plan 14.A and June 2012 for Plan 15.A) and free shares (maturity June 2012).

Provisions for pensions and other long-term employee benefits are presented below:

- Description and recognition of employee benefit obligations

  Pernod Ricard's employee benefit obligations are composed of:

  - long-term post employment benefits (retirement bonuses, medical expenses, etc.),
  - long-term benefits payable during the period of employment.

  The liability arising as a result of the Company's net employee's benefit obligation is recognised in provisions for risks and contingencies in the balance sheet liabilities.

- Calculation of the provision in respect of the net benefit obligation

  The provision recognised by Pernod Ricard is equal to the difference, for each benefit plan, between the present value of the employee benefit obligation and the value of plan assets paid to specialised entities in order to fund the obligation.

  The present value of employee benefit obligations is calculated using the prospective method involving calculating a projected salary at date of retirement (projected unit credit method). The measurement is made at each balance sheet date and the personal data concerning employees is revised at least every three years. The calculation requires the use of economic assumptions (inflation rate, discount rate, expected return on plan assets) and assumptions concerning employees (mainly: average salary increase, rate of employee turnover, life expectancy).

  At 30 June 2008, the total amount of benefit obligations was €46,752,000. Provisions of €34,086,000 have been recognised in respect of these benefit obligations.

  In this respect, the inflation rate used for measurement of the benefit obligations at 30 June 2008 was 2.5%, the discount rate was 5.5% for retirement bonuses and 5.75% for medical expenses.

  Plan assets are measured at their market value at each balance sheet date.

- Accounting for actuarial gains and losses

  Actuarial gains and losses mainly arise where estimates differ from actual outcomes (for example between the expected value of plan assets and their actual value at the balance sheet date) or when changes are made to long-term actuarial assumptions (for example: discount rate, rate of increase of salaries, etc.).

  Actuarial gains and losses are only recognised when, for a given plan, they represent more than 10% of the greater of the present value of the benefit obligation and the fair value of plan assets (termed the "corridor" method). Recognition of the provision is on a straight-line basis over the average number of remaining years' service of the employees in the plan in question (amortisation of actuarial gains and losses).

- Components of the expense recognised for the financial year

  The expense recognised in respect of the benefit obligations described above incorporates:

  - expenses corresponding to the acquisition of an additional year's rights,
  - interest expense arising on the unwinding of discount applied to vested rights at the start of the year (as a result of the passage of time),
  - income corresponding to the expected return on plan assets,
  - income or expense corresponding to the amortisation of actuarial gains and losses,
  - income or expense related to changes to existing plans or the creation of new plans,
  - income or expense related to any plan curtailments or settlements.

Note 10 Transactions and balances with subsidiaries and associates and other invested entities

In euro thousand	Amount concerning			
Captions	Subsidiaries and associates 30.06.2007	Other invested entities 30.06.2007	Subsidiaries and associates 30.06.2008	Other invested entities 30.06.2008
Investments	**6,607,960**	**374,916**	**8,443,722**	**69,521**
Loans and advances to subsidiaries and associates	**482,098**	**-**	**56,385**	**-**
Due in less than one year	2,988	-	54,934	-
Due after one year	479,110	-	1,451	-
Operating receivables	**48,069**	**-**	**91,241**	**-**
Due in less than one year	48,069	-	47,997	-
Due after one year	-	-	43,244	-
Other receivables	**126,018**	**10,838**	**9,578**	**-**
Due in less than one year	126,018	10,838	-	-
Due after one year	-	-	9,578	-
Other debt	**34,124**	**-**	**901,927**	**-**
Due in less than one year	63	-	-	-
Due in more than 1 year and less than 5 years	34,061	-	901,927	-
Operating payables	**5,901**	**-**	**4,808**	**-**
Due in less than one year	5,901	-	4,808	-
Due in more than 1 year and less than 5 years	-	-	-	-
Other payables	**1,047,954**	**16,589**	**871,441**	**17,323**
Due in less than one year	37	16,589	-	17,323
Due in more than 1 year and less than 5 years	1,047,917	-	871,441	-
Expenses from recurring operations	**9,702**	**-**	**11,414**	**-**
Group seconded personnel	9,338	-	11,225	-
Other Group management expenses	364	-	190	-
Operating income	**72,405**	**-**	**62,113**	**-**
Group royalties	39,772	-	39,313	-
Group management income	699	-	738	-
Transfer of Group expenses	31,934	-	22,062	-
Financial expenses	**39,198**	**729**	**49,451**	**-**
Financial income	**247,767**	**557**	**1,087,354**	**-**
EXCEPTIONAL ITEMS	**20,743**	**-**	**88,620**	**-**

Note 11 Deferred income and adjustment accounts

In euro thousand	At 01.07.2007	Increases	Decreases	At 30.06.2008
Deferred income	632	55,321	(417)	55,536
Currency translation adjustment – Liability	7,744	13,169	(7,744)	13,169
TOTAL	**8,375**	**68,490**	**(8,160)**	**68,705**

The increase in "Deferred income" is due to sale and repurchase transactions on stock options.

Note 12 Accrued income and expenses

ACCRUED INCOME

In euro thousand	Amount
Amount of accrued income in the following balance sheet captions	
Loans and advances to subsidiaries and associates	54,934
Other financial fixed assets	-
Operating receivables	-
Other receivables	1,824
Cash	-
TOTAL	**56,758**

ACCRUED EXPENSES

In euro thousand	Amount
Amount of accrued expenses in the following balance sheet captions	
Bank debt	35,703
Other debt	-
Operating payables	47,359
Other payables	4,390
TOTAL	**87,453**

Note 13 Bonds

BONDS

In euro thousand	Amount	Maturity	Accrued interest	Type of interest payable	Total
Bond 1	550,000	06.12.2013	14,496	Fixed rate	564,496
Bond 2	300,000	06.06.2011	1,118	Floating rate	301,118
TOTAL	**850,000**		**15,613**		**865,613**

Note 14 Bank debt

On 2 August and 18 August 2005, Pernod Ricard Group drew down part of the credit facilities made available under the multi-currency syndicated loan agreement signed on 21 April 2005. Amounts available under this syndicated loan at 30 June 2008 are €1,806 million.

At 30 June 2008, drawdowns on this credit facility amounted to €1,405 million, USD3,205 million and JPY8,000 million, being a total amount of €3,486 million.

The credit facilities, whether revolving or fixed maturity, denominated in euros, American dollars or multicurrencies, bear interest at a rate corresponding to the applicable LIBOR (or, for euro denominated borrowing, EURIBOR), increased by a pre-determined margin and mandatory costs. These facilities have initial maturities ranging from one to seven years. These borrowings enabled the Group to repay the amounts due under the revolving loan facility signed in July 2004, finance the cash portion of the Allied Domecq acquisition price and refinance certain debt owed by the Group and Allied Domecq.

The debt recognised in the financial statements of Pernod Ricard relating to the syndicated loan amounts to €1,531,003,000 (including accrued interest of €1,818,000). In addition, a loan of €901,930,000 (including €6,580,000 of accrued interest), contracted in June 2008, is due to Pernod Ricard Finance.

Note 15 Perpetual subordinated notes (TSDI)

On 20 March 1992, Pernod Ricard issued Perpetual Subordinated Notes (TSDI), outside France, for a total nominal amount of €61 million.

These Notes were designated as "repackaged" after signature of an agreement with a third party at the time of the issue.

The Pernod Ricard TSDI notes were bought back in January 2008. The residual date on the 30 June 2007 balance sheet was cancelled, which generated an exceptional income of €24.2 million.

Note 16 Breakdown of income tax

In euro thousand	Total	Profit before tax and exceptional items	Exceptional items
Profit before tax	925,597	827,325	98,272
Income tax before tax consolidation	-	-	-
Net impact of tax consolidation	(16)	-	(16)
PROFIT AFTER TAX	**925,581**	**827,325**	**98,256**

Within the framework of the tax consolidation, the tax loss carryforwards of the Pernod Ricard tax group amount to €(491.7) million, an increase of €96.7 million over the financial year.

Note 17 Increases and decreases in future tax liabilities

TYPE OF TEMPORARY DIFFERENCES

In euro thousand	Amount of tax
Decreases	**-**
Provisions not tax deductible in year of accounting recognition	**-**
"Organic" local tax and other	117
Other provisions for risks and contingencies	11,041
Provisions for pensions and other long-term employee benefits	13,083
DECREASES IN FUTURE TAX LIABILITIES	**24,241**

The tax rate used is the rate in force in 2008, i.e. 34.43%.

Note 18 Remuneration

Remuneration paid to members of the Executive Directors and members of the Board of Directors amounted to €4,959,899.

Note 19 Income

Operating income, including, among others, royalties received for brands that belong to Pernod Ricard, for a total of €64,956,000 compared with €81,927,000 in 2007. This decrease is related to a lower level of rebilling to Group subsidiaries.

Note 20 Financial income and expenses by type

In euro thousand	At 30.06.2008
Income from investments	1,052,768
Income from other fixed asset securities and receivables	-
Other interest and related income	155,509
Reversals of financial provisions and expense transfers	4,785
Currency translation gains	229,559
Net gains on sale of marketable securities	-
TOTAL FINANCIAL INCOME	**1,442,621**

In euro thousand	At 30.06.2008
Depreciation, amortisation and provision charges	(40,948)
Interests and related expenses	(289,403)
Curency translation losses	(228,153)
Net expenses on marketable security disposals	-
TOTAL FINANCIAL EXPENSES	**(558,503)**

Note 21 Exceptional items

In euro thousand	Amount
Net profit on management operations	-
Net profit share capital operations	(307,089)
Reversals of financial provisions and expense transfers	405,362
EXCEPTIONAL ITEMS	**98,272**

Exceptional items are mainly related to provisions for impairment of investments.

Note 22 Off-balance sheet commitments

COMMITMENTS GRANTED

In euro thousand	Amount
Guarantees on behalf of subsidiaries	2,156,042
Guarantees on behalf of the Allied Domecq pension fund	1,483,559
TOTAL	**3,639,602**

Commitments granted include guarantees granted, in particular related to:

- syndicated loan. Loans drawn by subsidiaries of the Pernod Ricard Group that have not been repaid at 30 June 2008 amount to €1,957 million;
- to borrowings and commercial papers.

Within the framework of the 4-year renewal of the distribution contract between Pernod Ricard SA Asia and Kirin Brewery Company from 1 January 2006, Pernod Ricard guaranteed its subsidiary's contractual undertakings.

Pernod Ricard S.A., pursuant to Section 17 of the Companies (Amendment) Act, 1986 (Republic of Ireland), irrevocably guaranteed the liabilities of the following subsidiaries for the 2006/2007 financial year: Irish Distillers Group Ltd, Irish Distillers Ltd, The West Coast Cooler Co Ltd, Watercouse Distillery Ltd, Fitzgerald & Co Ltd, Ermine Ltd, Gallwey Liqueurs Ltd, Smithfield Holdings Ltd, Irish Distillers Holding Ltd.

Within the framework of the right to individual training in France, the aggregate number of training hours corresponding to acquired rights for the 2007 calendar year is 3,105 hours, including 1,351 hours for which no request had been made.

DERIVATIVE INSTRUMENTS

In thousands of US dollars	Nominal amount
Caps	700,000
Swaps	1,041,000
TOTAL	**1,741,000**

The fair value of derivative instruments amounts to €(11,409,000).

Note 23 Average headcount at 30 June 2008

	Employees	Personnel on assignment (all types of temporary staff)
Managers	103	0
Supervisors and technicians	32	0
Employees	9	3
AVERAGE HEADCOUNT	**144**	**3**
Apprentice contracts	3	

Note 24 Subsidiaries and associates at 30 June 2008

In euro thousand	Share capital	Shareholders equity before appropriation of results for year interest in entity's share	Capital (%)	Book value of investment Gross	Book value of investment Net	Loans	Guarantees	Sales (excluding taxes and duties)	Net profit	Dividends received
Investments whose carrying amount exceeds 1% of Pernod Ricard's share capital										
Ricard 4 et 6, rue Berthelot 13014 Marseille	54,000	159,492	100.00	67,227	67,227	-	-	509,949	66,336	86,555
Pernod 120, avenue du Maréchal-Foch 94015 Créteil	40,000	143,669	100.00	94,941	94,941	-	-	434,623	19,487	15,790
Austin Nichols 100 Manhattanville Road Purchase, NY 10577 (United States)	1,826,948	1,775,543	13.23	168,118	168,118	-	329,866	49,407	(99,729)	0
SALB Kancelar Praha Americka 11 120000 Prague 2 (Czech Republic)	82,773	85,769	20.23	12,190	12,190	-	-	0	10,353	-
Compagnie Financière des Produits Orangina 12, place des États-Unis 75116 Paris	10,000	11,194	99.99	39,608	11,308	-	-	0	194	563
Pernod Ricard Europe 2, rue de Solférino 75340 Paris cedex 07	40,000	253,742	100.00	36,406	36,406	-	-	55,306	694,058	586,998
Campbell 111/113 Renfrew Road Paisley, PA3 4DY (Scotland)	9,425	30,359	98.86	40,538	40,538	-	-	0	926	-
Pernod Ricard Finance 12, place des États-Unis 75116 Paris	77,000	136,927	100.00	89,220	89,220	-	1,252,369	0	12,980	-
Pernod Ricard Pacific Holdings 33 Exeter Terrace Devon Park SA 5008 (Australia)	122,189	109,192	100.00	151,789	151,789	-	-	0	22,357	22,827
Comrie Temple Chambers 3, Burlington Road, Dublin 4 (Ireland)	3,530,556	3,864,290	100.00	3,530,560	3,530,560	-	-	0	(26,110)	-
Yerevan Brandy Company 2, Admiral Isakov Avenue, Yerevan 375092, Republic of Armenia	22,096	105,939	100.00	27,856	27,856	-	-	32,820	7,959	1,492
Établissements Vinicoles Champenois 12, place des États-Unis 75116 Paris	71,675	199,949	100.00	100,955	100,955	-	206,166	0	18,473	(6)
Martell Mumm Perrier-Jouët 7, place Édouard Martell 16100 Cognac	506,880	511,307	100.00	577,127	577,127	-	-	0	(16,149)	-
SAS Lina 3 12, place des États-Unis 75116 Paris	2,713,857	2,689,283	100.00	2,713,847	2,713,847	-	-	0	(19,995)	-
SAS Lina 5 12, place des États-Unis 75116 Paris	30,640	132,833	100.00	30,631	30,631	-	-	0	249,128	258,385

In euro thousand	Share capital	Shareholders equity before appropriation of results for year interest in entity's share	Capital (%)	Book value of investment Gross	Book value of investment Net	Loans	Guarantees	Sales (excluding taxes and duties)	Net profit	Dividends received
Pernod Ricard Cesam 2, rue de Solférino 75007 Paris	52,198	53,673	100.00	131,040	105,540	-	-	0	(1,961)	-
SAS Lina 6 12, place des États-Unis 75116 Paris	298,000	287,675	100.00	305,027	305,027	-	-	0	(10,938)	-
Pernod Ricard North America 2, rue de Solférino 75007 Paris	39,398	54,480	100.00	126,735	70,735	-	-	0	12,807	-
Pernod Ricard Asia 2, rue de Solférino 75007 Paris	4,512	84,622	100.00	42,457	42,457	-	-	0	65,115	50,000
J.F.A. 12, place des États-Unis 75116 Paris	9,444	9,290	100.00	10,517	9,157	-	-	0	353	-
AGROS Ul. Chalubinskiego 8 00-613 Warsaw (Poland)	6,565	99,327	62.95	73,189	73,189	-	-	3,048	11,204	-
Sankaty Trading Ltd 25-28 North Wall Quay – IFSC 1 Dublin (Ireland)	13	4,056	100.00	15,568	15,568	-	-	0	4	-
Populous Trading Ltd 25-28 North Wall Quay – IFSC 1 Dublin (Ireland)	13	4,059	100.00	15,568	15,568	-	-	0	3	-
Polairen Trading Ltd 25-28 North Wall Quay – IFSC 1 Dublin (Ireland)	13	4,056	100.00	15,568	15,568	-	-	0	4	-
Subsidiaries										
French	-	-	-	6,225	5,750	-	-	-	-	14,689
Foreign	-	-	-	20,600	17,654	1,806	-	-	-	15,311
Investments										
French	-	-	-	215	215	-	-	-	-	23
Foreign	-	-	-	69,522	33,243	-	-	-	-	142

Earnings over the last five financial years

In euro	31.12.2003	30.06.2005	30.06.2006	30.06.2007	30.06.2008
Financial position at year-end					
Share capital	218,500,651	218,500,651	291,590,460	339,796,825	340,508,610
Number of shares in issued[1]	70,484,081	70,484,081	94,061,439	109,611,879	219,682,974
Number of convertible bonds in issued	4,567,757	4,567,614	-	-	-
Number of bonus shares granted on 16 January 2007 (dividend rights from 1 July 2006)	-	-	-	18,216,022	-
Operating results					
Sales (excluding taxes and duties)	-	-	-	-	-
Profit before taxes, amortisation, depreciation and allowances to provisions	242,631,812	156,137,583	44,133,821	535,110,760	607,470,960
Corporate income tax	15,610,839	18,099,330	9,892,059	56,025,892	(16,011)
Profit after taxes, amortisation, depreciation and allowances to provisions	249,015,436	177,706,014	56,193,656	597,492,981	925,580,853
Dividends distributed[2]	138,148,799	242,355,167	224,734,720	276,221,935	-
Earnings per share					
Profit after taxes, but before amortisation, depreciation and allowances to provisions	3.66	2.47	0.57	5.39	2.77
Profit after taxes, amortisation, depreciation and allowances to provisions	3.53	2.52	0.60	5.45	4.21
Dividend paid per share[2]	1.96	3.22	2.52	2.52	-
Personnel					
Number of employees	117	126	130	144	144
Total payroll	15,871,787	28,807,092	19,867,333	19,846,894	21,087,707
Employee related benefits paid during the year	6,786,216	9,277,720	7,090,238	10,658,374	12,449,559

(1) *Refer to paragraph "Analysis of the result – Highlights of the financial year – Division of the share par value".*
(2) *The amount of dividends for 2008 will be known with certainty once voted by the Shareholders Meeting of 5 November 2008 (dividends for the financial year from 1 July 2007 to 30 June 2008).*

Dividends distributed during the last five years

Dividends in respect of which payment is not requested are transmitted to the French State treasury (Trésor public) 5 years after they are declared.

In euro Financial year	Date of payment	Net amount	Tax credit	Total	Total amount for the financial year
2003	13.01.2004	0.90	0.45	1.35	-
	25.05.2004	1.06	0.53	1.59	2.94
2004/2005	11.01.2005	0.98	Not applicable	0.98	-
	07.06.2005	1.16	-	1.16	-
	17.11.2005	1.08	-	1.08	3.22
2005/2006	05.07.2006	1.12	Not applicable	1.12	-
	15.11.2006	1.40	-	1.40	2.52
2006/2007	04.07.2007	1.26	Not applicable	1.26	-
	14.11.2007	1.26	-	1.26	2.52
2007/2008	03.07.2008 (1)	0.63	Not applicable	0.63	(2)

(1) New shares resulting from the 15 January 2008 split benefited from the interim dividend payment of €0.63 net paid in July 2008.
(2) An interim dividend for 2007/2008 was paid on 3 July 2008. The balance will be decided by the Shareholders' Meeting on 5 November 2008, which will be called to rule on the financial statements for the year ending 30 June 2008.

Inventory of marketable securities at 30 June 2008

In euro French investments with a net book value in excess of 100,000	Number of shares held	Net book value
Établissements Vinicoles Champenois	234,989	100,955,022
Compagnie Financière des Produits Orangina	11,906	11,307,639
J.F.A	6,195,295	9,157,242
G.H. Mumm	7,780	1,556,000
Lina 3	27,138,570	2,713,847,481
Lina 5	306,400	30,630,500
Lina 6	2,980,000	305,027,008
Lina 7	3,400	390,000
Martell Mumm Perrier-Jouët	422,400	577,127,066
Pernod	2,580,000	94,940,630
Pernod Ricard Asia	2,785,000	42,457,051
Pernod Ricard Cesam	386,650	105,540,000
Pernod Ricard Europe	999,994	36,406,054
Pernod Ricard Finance	10,317,439	89,220,499
Pernod Ricard North America	4,377,500	70,734,557
Ricard	1,750,000	67,227,023
Sopebsa	100,000	962,769
SUB-TOTAL	**-**	**4,257,486,542**
Other shareholdings in French companies	226,860	3,056,445
Investments in unlisted foreign companies	-	4,101,840,456
TOTAL SECURITIES AT 30.06.2008	**-**	**8,362,383,442**

Statutory Auditors' Report on the Parent Company financial statements

Financial year ended 30 June 2008

To the Shareholders,

In our capacity as Statutory Auditors, we hereby present our report on the financial year ending 30 June 2008, on:

- the audit of Pernod Ricard SA's financial statements, as attached to this report;
- the justification of our assessments;
- specific verification and information provided for under the law.

The year's financial statements were approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

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

In our opinion, the financial statements give a true and fair view of the Company's financial position and its assets and liabilities at the end of the financial year and of the results of its operations in accordance with the accounting rules and principles applicable in France.

II. Justification of assessments

In accordance with the provisions of article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

- these investments were evaluated in accordance with the accounting policies described in the note "Accounting policies – Investments". In the course of our work, we have reviewed the appropriateness of these accounting policies, as well as the reasonableness of the assumptions used and of the valuations resulting therefrom;
- the assessments were thus made in the context of the performance of our audit of the financial statements taken as a whole and therefore contributed to the formation of our audit opinion expressed in the first part of this report.

III. Special verification and information

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

We have no matters to report in connection with the following:

- the fair presentation of the information given in the Board of Directors' management report and the documents sent to the shareholders on the financial situation and the financial statements and these documents' conformity with the financial statements;
- the fairness of the information set out in the management report on the remuneration and benefits paid to the concerned Executive Directors and on the commitments to them upon or after taking on, changing or suspending their functions.

In accordance with French law, we have ensured that the required information concerning investments and acquisitions of control and concerning the names of the principal shareholders and holders of the voting rights has been properly disclosed in the Management Report.

Neuilly-sur-Seine and Courbevoie, 18 September 2008

The Statutory Auditors

Deloitte & Associés
Alain Penanguer

Mazars & Guérard
Loïc Wallaert

Special Statutory Auditor's Report on regulated agreements and commitments

Financial year ended 30 June 2008

To the Shareholders,

As your Company's Statutory Auditors, we hereby present our report on regulated agreements and commitments.

Agreements and commitments authorised during the financial year

Pursuant to Article L.225-40 of the French Commercial Code, we have been made aware of the existence of the following agreements and commitments that have received prior authorisation from your Board of Directors.

We are not required to ascertain whether any other contractual agreements exist but to inform you, on the basis of the information provided to us, of the essential terms and conditions of agreements indicated to us. It is not our role to comment as to whether they are beneficial or appropriate. It is your responsibility, under the terms of Article R. 225-31 of the French Commercial Code, to evaluate the benefits resulting from these agreements and commitments prior to their approval.

We conducted our work in accordance with the professional standards applicable in France. These standards require that we carry out procedures in order to verify that the information provided to us agrees with the source documents from which it is extracted.

Special bonus for Executive Directors – Mr Patrick Ricard

In accordance with the provisions of article L. 225-42-1 paragraph 1 of the French Commercial Code, the Pernod Ricard Board of Directors authorised, during the meeting held on 23 January 2008, the creation of a special bonus for Mr Patrick Ricard. This special bonus which is conditional on achieving performance criteria corresponds to an undertaking to indemnify Mr Ricard as part of a severance or retirement package.

Mr Patrick Ricard would receive a special bonus at the end of his term of office or at a later date, the maximum amount of which could not be greater than the annual wage (fixed and variable) received by virtue of his directorship in the year prior to his retirement. To calculate this bonus:

- the fixed reference salary shall correspond to the last fixed annual salary authorised by the Board of directors;
- the variable reference wage shall correspond to that received for the last full tax year prior to his departure.

In addition, the amount paid will be determined after deduction of any other form of retribution due for termination of position (and, in particular, in the event of payment of a termination indemnity for a previous work contract).

Similarly, if an exceptional bonus were paid in the course of the year of termination, the Board would reserve the right to allocate all, or part, of this bonus to the special bonus.

This special bonus is exceptional and does not enter into the calculation of post-employment benefits such as the calculation of income from an additional pension.

In any case, the special bonus that is determined in this way will have a ceiling of €2 million and it will be paid to the extent that the performance conditions are fulfilled.

The performance conditions set by the Board of Directors are based on the average growth rate of EBIT during the 10 years prior to departure on the one hand, and on this same criterion assessed over the last 3 complete tax years on the other hand; in order to take both long-term and recent performance into account.

This special bonus may, therefore, be reduced or even eliminated, depending on the actual performance level achieved.

Special bonus for Executive Directors – Mr Pierre Pringuet

In accordance with the provisions of article L. 225-42-1 paragraph 1 of the French Commercial Code, the Pernod Ricard Board of Directors authorised, during the meeting held on 23 January 2008, the creation of a special bonus for Mr Pierre Pringuet. This special bonus which is conditional on achieving performance criteria corresponds to an undertaking to indemnify Mr Pierre Pringuet as part of a severance or retirement package.

Mr Pierre Pringuet would receive a special bonus at the end of his term of office or at a later date, the maximum amount of which could not be greater than the annual wage (fixed and variable) received by virtue of his directorship in the year prior to his retirement. To calculate this bonus:

- the fixed reference salary shall correspond to the last fixed annual salary authorised by the Board of directors;
- the variable reference wage shall correspond to that received for the last full tax year prior to his departure.

In addition, the amount paid will be determined after deduction of any other form of retribution due for termination of position (and, in particular, in the event of payment of a termination indemnity for a previous work contract).

Similarly, if an exceptional bonus were paid in the course of the year of termination, the Board would reserve the right to allocate all, or part, of this bonus to the special bonus.

This special bonus is exceptional and does not enter into the calculation of post-employment benefits such as the calculation of the income from an additional pension.

In any case, the special bonus that is determined in this way will have a ceiling of €2 million and it will be paid to the extent that the performance conditions are fulfilled.

The performance conditions set by the Board of Directors are based on the average growth rate of EBIT during the 10 years prior to departure on the one hand, and on this same criterion assessed over the last 3 complete tax years on the other hand; in order to take both long-term and recent performance into account.

This special bonus may, therefore, be reduced or even eliminated, depending on the actual performance level achieved.

Sale and repurchase agreements for treasury shares

Pernod Ricard SA sold 5,955,534 treasury shares (underlying some stock option plans), in the form of sale and repurchase agreements (sales concluded subject to a condition subsequent enabling Pernod Ricard, by exercising its right to repurchase, to buy back these shares as and when options are exercised), authorised by the Board of directors on 27 February 2008.

Director concerned:

- Mr Patrick Ricard, also a Director of Société Générale.

Financing of the acquisition of V&S Vin & Sprit Aktiebolag ("V&S") - Authorisation for a "Multicurrency Facilities Agreement "

Within the context of the acquisition of V&S Vin & Sprit Aktiebolag by the Group and the refinancing of part of the Company and Group debt, Pernod Ricard and Pernod Ricard Finance entered into a loan agreement authorised by the Board of Directors on 26 March 2008, with several banks including Calyon and Société Générale Corporate & Investment Banking, as Arrangers, and Calyon and Société Générale as initial lenders, under the terms of which the lenders are obliged to provide the Company, Pernod Ricard Finance and some of the Company's subsidiaries, with credit facilities of a maximum principal amount of €12,500,000,000 (the "Loan Contract").

The Company agreed to jointly and severally guarantee fulfilment of payment obligations by other borrowers arising from the Loan Contract, such as they may be renewed or extended.

Provision was made for the Company to conclude a mandate, in respect of the credit facilities, with banks including Calyon and Société Générale Corporate & Investment Banking, as Arrangers, in English, relating to the Loan Contract and entitled "Mandate Letter" (the "Mandate").

Provision has also been made for some of the Company's subsidiaries (in particular, Etablissements Vinicoles Champenois, Chivas Brothers (Holdings) Ltd and Austin Nichols & Co., Inc.) to adhere to the Loan Contract as borrowers under said Loan Contract, by sending the Agent a letter co-signed by the Company and entitled "Accession Letter".

Directors concerned:

- Mr Patrick Ricard, also (i) Director of Société Générale, (ii) Director of Pernod Ricard Finance SA and (iii) permanent representative of Pernod Ricard on the Board of Directors of Etablissements Vinicoles Champenois;
- Mr Pierre Pringuet, also Chairman of the Board of Pernod Ricard Finance SA;
- Mr Richard Burrows, also Director of Chivas Brothers (Holdings) Ltd.;
- Mr Jean-Dominique Comolli, also Director of Calyon;
- Lord Douro, also Consultant to Calyon Bank.

Acquisition by Pernod Ricard of a 100% capital interest in the French company Lina 11 SAS ("Lina 11")

Within the context of the financing of the acquisition of V&S Vin & Sprit Aktiebolag, Lina 11, a subsidiary historically owned by Lina 7 SAS ("Lina 7"), itself a direct subsidiary of Pernod Ricard, was restated under Pernod Ricard.

The 100% capital interest in Lina 11 SAS, authorised by the Board of directors on 18 June 2008, was sold by Lina 7 SA for the sum of €33,640 (corresponding to the net book value of Lina 11 SAS as at 30 June 2007).

Director concerned:

- Mr Pierre Pringuet, also CEO of Lina 7 SA.

Swap contract between Pernod Ricard SA and Pernod Ricard Finance SA ("PR Finance")

One of the transactions envisaged as a means of financing the acquisition of V&S Vin & Sprit Aktiebolag, is for Pernod Ricard SA to draw a maximum of €5,100,000,000 on the "Multicurrency Facilities Agreement" including a tranche in USD for a maximum of approximately €4,600,000,000.

To this effect, and so as to manage exchange risk problems, the Board of Directors meeting on 18 June 2008 authorised the creation of an exchange rate swap contract between Pernod Ricard SA and PR Finance for which Pernod Ricard SA would sell USD to PR Finance at the spot rate. On maturity, Pernod Ricard SA would purchase from PR Finance.

It is specified that this SWAP contract has not been set up at 30 June 2008.

Directors concerned:

- Mr Patrick Ricard, also a Director of Pernod Ricard Finance SA;
- Mr Pierre Pringuet, also Chairman of the Board of Pernod Ricard Finance SA.

Remuneration for the guarantee given by Pernod Ricard SA to certain subsidiaries

Within the context of the guarantee given by Pernod Ricard SA to some of its subsidiaries as part of the "Multicurrency Facilities Agreement" syndicated loan, authorised by the Board of Directors on 26 March 2008, the Board of Directors meeting on 18 June 2008 decided that Pernod Ricard should bill companies using their drawing rights, for a guarantee fee corresponding to market conditions. This amount being liable to fluctuate according to market conditions. The companies involved are Pernod Ricard Finance SA and Etablissements Vinicoles Champenois ("EVC").

Directors concerned:

- Mr Patrick Ricard, also (i) Director of Pernod Ricard Finance SA and (ii) permanent representative of Pernod Ricard SA on the EVC Board of Directors;
- Mr Pierre Pringuet, also Chairman of the Board of Pernod Ricard Finance.

Rebilling of costs relating to the acquisition of V&S

Within the context of the acquisition of V&S Vin & Sprit Aktiebolag, Pernod Ricard SA incurred costs covering on the one hand, acquisition costs and, on the other, financing costs.

In accordance with French fiscal and legal regulations, Pernod Ricard SA is only liable for costs incurred in its own interest (i.e. some financing costs). Consequently, Pernod Ricard SA rebilled the balance of the costs incurred to the entities benefiting from the services corresponding to such costs, some of which have directors in common with Pernod Ricard SA. This decision was taken at the Board of Directors meeting on 18 June 2008.

Once this rebilling is over, Pernod Ricard SA retains only the costs for which it is liable.

The list of Group subsidiaries rebilled in this way appears below:

- french subsidiaries: Pernod Ricard Finance SA and Etablissements Vinicoles Champenois;
- foreign subsidiaries: Austin Nichols & Co, Pernod Ricard Nordic Holding Inc, Chivas Brothers (Holdings) Ltd, Irish Distillers Group, Pernod Ricard UK, Goal Acquisitions (Holdings) Ltd.

In the financial statements prepared as at 30 June 2008, Pernod Ricard recorded total liabilities of €96,467 thousand and had rebilled, up to that date, €83,133 thousand to its subsidiaries.

Directors concerned:

- Mr Patrick Ricard, also (i) Director of Pernod Ricard Finance SA and (ii) permanent representative of Pernod Ricard SA on the Etablissements Vinicoles Champenois Board of Directors and (iii) Director of the Irish Distillers Group;
- Mr Pierre Pringuet, also (i) Chair of the Board of Pernod Ricard Finance SA, and (ii) Director of the Irish Distillers Group;
- Mr Richard Burrows, also Director of Chivas Brothers (Holdings) Ltd.;

Creation of a "Netting" contract

On 18 June 2008, the Board of Directors authorised the Company to enter into a contract governing the monthly offsetting of intra-group payments, known as "Pernod Ricard Netting", which came into force on 30 June 2008. The purpose of this contract is to authorise Pernod Ricard Finance SA, as "duly authorised agent", to manage appropriate cash transactions (exchange transactions and banking flow) on behalf of the companies that are signatories to the contract.

All transactions linked to "Pernod Ricard netting" are carried out under market conditions.

Directors concerned:

- Mr Patrick Ricard, also (i) Director of Pernod Ricard Finance SA, (ii) Director of Martell & Co SA, (iii) permanent representative of Pernod Ricard SA on the Board of directors of Pernod SA, (iv) permanent representative of Pernod Ricard SA on the Board of Directors of Pernod Ricard Europe SA, (v) permanent representative of Pernod Ricard SA on the Board of Directors of Ricard SA, and (vi) Director of the Irish Distillers Group;
- Mr Pierre Pringuet, also (i) Chairman of the Board of Pernod Ricard Finance SA, (ii) Director of Martell & Co, (iii) Director of G.H. Mumm et Cie SA, (iv) Director of Pernod SA, (v) Director of Champagne Perrier Jouët, (vi) Director of Pernod Ricard Europe SA, (vii) Director of Ricard SA, (viii) Director of the Irish Distillers Group;
- Mr François Gérard, also (i) Director of Martell & Co, (ii) Director of G.H Mumm et Cie SA and (iii) Director of Champagne Perrier Jouët.

Agreements and commitments authorised during prior financial years which continued to have effect during the year

In addition, in application of the provisions of article R 225-30 of the French Commercial Code, we have been informed of the following agreements and commitments which were approved in prior financial years which continued to have effect during the financial year 2007/2008.

Bonds

On 6 December 2006, Pernod Ricard SA issued bonds, authorised by the Board of Directors on 7 November 2006.

These bonds are comprised of fixed and floating-rate notes, each with a nominal value of €50,000, i.e. a total nominal amount of €550 million for fixed-rate notes and €300 million for floating-rate notes. These notes are admitted for trading on the Luxembourg Stock Exchange regulated market.

Commitment to subscribe to a Pernod Ricard Finance SA capital increase

A put option contract relating to Chivas Brothers (Holding) Ltd ("CBHL") preference shares held by Pernod Ricard Acquisition II ("PR II") was set up between Pernod Ricard Finance ("PR Finance") and PR II.

As PR Finance did not have the available funds to pay the price for the CBHL preference shares in the event of exercise of the put option by PR II, the Board of Directors, in its meeting on 21 June 2007, authorised Pernod Ricard to commit to financing, if necessary, the acquisition by PR Finance of the CBHL preference shares, in the form of an option to subscribe to a PR Finance capital increase.

Agreements entered into for the acquisition of Allied Domecq

At its meeting on 19 April 2005, the Board of Directors approved the signing of loan agreements of an amount of €9.3 billion for the acquisition of Allied Domecq Plc as well as the different Accession Letters relating to these agreements.

Borrowers: Pernod Ricard, Goal acquisition (Holdings) Ltd, Pernod Ricard Finance, Chivas Brothers Ltd, Martell & Co, Etablissements Vinicoles Champenois, Austin Nichols and Co, Chivas Brothers (Holding) Ltd.

Lenders: JP Morgan Plc, Morgan Stanley Bank International Ltd, BNP Paribas, Royal Bank of Scotland, and Société Générale (as arranger), BNP Paribas (as agent).

These loans were entered into on 2 August 2005 for an amount of €4.9 billion. Financial expenses incurred by Pernod Ricard for the year ended 30 June 2008 amounted to €30,378,804.

Rebilling of Allied Domecq-related acquisition costs by Pernod Ricard to its subsidiaries

In the context of the acquisition of the Allied Domecq Group and additional work concerning subsequent restructuring, Pernod Ricard incurred costs in 2008 which now mainly involve expenses related to restructuring and integration of the two existing groups.

In accordance with French tax and legal regulations, Pernod Ricard can only be required to pay the expenses incurred in its own interest. Accordingly, it was agreed that Pernod Ricard rebill the balance of the costs it incurred to the entities that benefited from the services corresponding to such costs, in accordance with the allocations provided by the different advisors identifying the nature and the purpose of the services rendered.

The amount of costs rebilled for 2007/2008 was €3,316,130.

Service agreement with Mr Richard Burrows

The service agreement which bound Mr Richard Burrows to the Group, the purpose of which was to represent Pernod Ricard's interests in respect of the Scotch Whisky Association, came to an end in December 2007.

The fees paid to Mr Richard Burrows for this contract in 2007-2008 amounted to €25,000 excluding tax.

Joint guarantee commitments

Agreements with Pernod Ricard Finance SA

The Company issued, for the benefit of Pernod Ricard Finance SA and intended for holders of its commercial paper, an irrevocable and unconditional guarantee carrying a 0.10% annual commission.

The sum guaranteed, as at 30 June 2008, amounted to average outstandings of €151,666,667.

The Company billed €255,329 in commission for the financial year ended 30 June 2008.

Agreements with Comrie

The Company acts as guarantor to Société Générale in connection with loan notes amounting to €48,487 as at 30 June 2008.

Brand agreements

Brand licensing agreements

- The Company entered into a brand licensing agreement with Ricard SA from 1 January 2004 to 31 December 2008, renewable by tacit agreement.

  The Company billed Ricard SA €25,089,341 in royalties under this brand licensing agreement in the financial year ended 30 June 2008.

- The Company entered into a brand licensing agreement with Pernod SA from 1 January 2004 to 31 December 2008, renewable by tacit agreement.

  The Company billed Pernod SA €13,046,570 in royalties under this brand licensing agreement in the financial year ended 30 June 2008.

- With Cusenier; in application of the licensing agreement entered into on 1 January 1996.

  The Company billed Cusenier €798,025 in royalties under this brand licensing agreement for the financial year ended 30 June 2008.

Operating license concessions

The Company entered into a concession arrangement with Ricard SA in respect of the international operating rights related to the Dorville brand, commencing in October 2002, subject to the payment of royalties amounting to 3% of related net sales. Royalties paid for the 2007/2008 financial year amounted to €19,165.

Advances, loans and borrowings

Loan agreement with Havana Club Holding

Within the context of the upturn in the distribution business on the island of Cuba, the Board of Directors authorised three loans to Havana Club Holding SA:

- the first for a maximum of $7,390,000 had been repaid in full (principal and interest) as at 30 June 2008;

- the second for $834,000 with an annual interest rate of 7.5% for a period of 6 years (with a grace period of one year). This loan was not taken up;
- the third for $1,360,000 with an annual interest rate of 7.5 % for a period of 6 years. The principal of this loan had been repaid in full as at 30 June 2008 and it generated interest of €44,600 in the 2007/2008 financial year.

These three loans were granted to enable Havana Club Holding SA to finance Havana Club International SA.

Agreements with Pernod Ricard Finance SA

The Company signed a treasury agreement with Pernod Ricard Finance SA, effective since 1 January 2004, aiming to combine, under a single agreement, all existing bilateral treasury agreements between Pernod Ricard Finance and other 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 interest charges on loans and borrowings under the cash pooling mechanism.

Under this agreement, Pernod Ricard SA was invoiced €35,319,342 in interest charges by Pernod Ricard Finance SA in respect of the 2007/2008 financial year.

Neuilly-sur-Seine and Courbevoie, 18 September 2008

The Statutory Auditors

Deloitte & Associés	**Mazars & Guérard**
Alain Penanguer	Loïc Wallaert

6

COMBINED (ORDINARY & EXTRAORDINARY) SHAREHOLDERS' MEETING

Agenda of the Combined Ordinary and Extraordinary Shareholders' Meeting of 5 November 2008

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 2008;
2. Approval of the consolidated financial statements for the financial year ended 30 June 2008;
3. Allocation of the results for the financial year and setting of dividends;
4. Approval of related-party agreements referred to in article L. 225-38 of the French Commercial Code;
5. Approval of the commitment referred to in articles L. 225-38 and L. 225-42-1 of the French Commercial Code and the special report of the Statutory Auditors, relating to Mr Patrick Ricard;
6. Approval of the commitment referred to in articles L. 225-38 and L. 225-42-1 of the French Commercial Code and the special report of the Statutory Auditors, relating to Mr Pierre Pringuet;
7. Renewal of Mr Patrick Ricard's term of office;
8. Renewal of Mr Pierre Pringuet's term of office;
9. Renewal of Mr Rafaël Gonzalez-Gallarza's term of office;
10. Appointment of Mr Wolfgang Colberg as Director;
11. Appointment of Mr César Giron as Director;
12. Setting of the annual amount of Directors' fees allocated to the Board of Directors;
13. 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

14. Authorisation to be granted to the Board of Directors to reduce the share capital by cancelling treasury shares;
15. Delegation of authority to the Board of Directors to issue share warrants in the event of a public offer with regard to the Company's shares;
16. Delegation of authority to the Board of Directors to decide on increases in the share capital through the issue of shares or securities giving access to the share capital reserved for members of savings plans with cancellation of preferential subscription rights in favour of the members of such savings plans;
17. Powers to carry out the necessary legal formalities.

Presentation of the resolutions

The presentation set out below contains a summary of the resolutions. For a presentation of their full content, please refer to the text of the 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 **1**st **resolution** is to approve the Parent Company financial statements for the 2007/2008 financial year, which show a net profit of €925,580,852.74.

The purpose of the **2**nd **resolution** is to approve the consolidated financial statements of Pernod Ricard for the 2007/2008 financial year.

The purpose of the **3**rd **resolution** is to decide on the allocation of the results. It is suggested that you set the dividend for the 2007/2008 financial year at €1.32 per share. An interim dividend payment of €0.63 per share was paid on 3 July 2008 and the balance amounting to €0.69 per share would be distributed on 18 November 2008.

Approval of related-party agreements

It is proposed that, by voting in favour of the **4**th **resolution**, you approve the agreements described in the special report of the Statutory Auditors set out in the section "Financial Statements of Pernod Ricard SA", established between the Company and another company, with which it notably shares management executives.

Approval of two regulated agreements relating to the implementation of variable remuneration paid on retirement to Mr Patrick Ricard and Mr Pierre Pringuet

In the **5**th **and 6**th **resolutions**, you are asked to approve two regulated undertakings, as defined in article L. 225-42-1 of the French Commercial Code, previously authorised by the Board of Directors meeting of 23 January 2008.

This is because the undertakings of the Company in accordance with the provisions of the aforementioned article L.225-42-1 et seq. and further to law 2007-1223 of 21 August 2007 known as the TEPA law, benefiting the management executives and corresponding to the remuneration, indemnities or advantages due or likely to be due by virtue of the discontinuance of or change in their positions, or subsequent to the latter, must henceforth be:

- conditional on the achievement of performance criteria;
- authorised by the Board of Directors, this decision having moreover to be made public on the Company's Internet site pursuant to decree 2008-448 of 7 May 2008; and
- submitted to the approval of the Shareholders' Meeting occurring at the earliest date.

The undertakings submitted to the approval of the next Shareholders' Meeting have now been authorised by the Board of Directors meeting of 23 January 2008 and are the subject of a publication on the Company Internet site. These undertakings relate to the issuing of a "special bonus" **linked to the financial commitments undertaken in the past**. They correspond to an undertaking that is conditional on achieving performance criteria to indemnify Mr Ricard and Mr Pringuet as part of a departure or retirement.

These undertakings have been reported in the special report of the Statutory Auditors on the regulated agreements and commitments and the report on the remuneration of executives found in detail in the section "Financial Statements of Pernod Ricard SA".

In the event that their careers in the Group came to an end due to retirement, and subject to seniority of at least 20 years in the Group and 5 years in the position of Executive Director, Mr Patrick Ricard and Mr Pierre Pringuet would each receive a special bonus when their executive term of office terminated or subsequent to this, the amount of which could be no greater than annual remuneration (fixed and variable) received by virtue of their term of office in the year preceding their retirement.

The amount paid will be determined after deduction of any other form of retribution due for termination of position (and in particular in the event of payment of a career-end indemnity for a previous work contract). Likewise, if an exceptional bonus were paid in the course of the year of termination, the Board would maintain the possibility of totally or partially granting this bonus as part of this special bonus.

Finally, this special bonus is exceptional and does not enter into the calculation of post-employment advantages such as the calculation of the income from an additional pension.

In any case, the special bonus that is determined in this way will have a ceiling of €2 million and it will be paid to the extent that the performance conditions are fulfilled.

The performance conditions set by the Board of Directors will be based on the average growth rate of the net profit from recurring activities during the 10 years prior to departure on the one hand, and of this same criterion assessed over the last 3 entire financial years on the other hand; in order to take long term performance and recent performance into account.

As it is based on the level of performance actually achieved, the amount of this special bonus may therefore be reduced or even eliminated.

Renewals and appointments of Directors

In the **7**th**, 8**th **and 9**th **resolutions**, the Board of Directors makes a proposal following the advice of the Appointments Committee to renew the terms of office of the following Directors for a period of four years expiring at the close of the Shareholders' Meeting to be held in 2012 to approve the financial statements for the previous financial year:

- Mr Patrick Ricard;
- Mr Pierre Pringuet; and
- Mr Rafaël Gonzalez-Gallarza.

Information on them appears in the section "Corporate Governance and Internal Control" and seq. of this document.

Following the advice of the Appointments Committee, the **10**th **and 11**th **resolutions** propose the appointment of Mr Wolfgang Colberg and Mr César Giron as new Directors of the Company, to replace Ms Françoise Hémard and Mr Richard Burrows. Ms Hémard and Mr Burrows, whose terms of office as Directors expire with this meeting, have decided not to solicit their renewal.

In accordance with our bylaws, Mr Wolfgang Colberg and Mr César Giron would be appointed for a term of four years expiring at the close of the Shareholders' Meeting to be held in 2012 to approve the financial statements for the previous financial year.

The presentation notes for Mr Wolfgang Colberg and Mr César Giron are shown in the section "Corporate Governance and Internal Control".

Should you adopt the aforementioned resolutions, the Board of Directors will be composed of 14 Directors, including 7 Independent Directors as defined by the AFEP-MEDEF consolidated report of October 2003.

Directors' fees

The purpose of the **12**th **resolution** is to set the aggregate amount of Directors' fees allocated to the Board of Directors for the financial year in progress at €750,000.

Repurchase of shares

As the authorisation granted to the Board of Directors by the Shareholders' Meeting on 7 November 2007 to trade in the Company's shares is due to expire this year, we propose, in the **13**th **resolution**, that you renew for a period of 18 months the authorisation for the Board of Directors to trade in the Company's shares at **a maximum purchase price set at €125 per share**, excluding acquisition costs.

This authorisation would allow your Board of Directors to purchase a number of shares in the Company **within the legal limit of 10% of the Company's share capital**, for:

- granting them to employees and/or Directors (granting of stock options and free 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 making up the share capital);
- delivering shares upon the exercise of rights attaching to securities giving access to the share capital;
- cancelling them;
- stabilising the share price through liquidity agreements that comply with the market rules accepted by the AMF.

It should be noted that during a public offer period concerning Company shares, repurchasing transactions would only be possible on the condition, on the one hand, that the offer is settled in cash and, on the other hand, that they are within the scope of performance of a programme in progress and are not likely to cause the offer to fail. In addition, only repurchases that allow the Company to comply with its prior commitments, i.e. with the objective of either allowing the Company to implement or cover stock option programmes or granting of free shares for the employees and executives of the Group, or delivering shares when the right to securities giving access to the Company's capital is exercised or honouring commitments undertaken in the context of external growth operations that were concluded previously. These operations would take place, under the supervision of the AMF and in compliance with the conditions of article 232-17 of its General Regulations. Consequently, they could not under any circumstances be anti-take-over bid measures.

Resolutions presented to the Extraordinary Shareholders' Meeting

Reduction of the share capital by cancelling treasury shares

One of the objectives of the repurchasing programme (**13**th **resolution**) is the cancellation of Pernod Ricard shares acquired by the Company. For this purpose, we ask you, by voting in favour of the **14**th **resolution**, to authorise the Board of Directors, **for a period of 24 months**, to cancel all or some of the shares of the Company that it may purchase through a share repurchase programme, **for up to 10% of the shares comprising the Company's share capital per 24-month period.**

Delegation of authority to the Board of Directors to issue share warrants in the event of an unsolicited public offer with regard to the Company's shares, under certain conditions

The delegation of authority granted by the Shareholders' Meeting on 7 November 2007 is due to expire in May 2009.

Accordingly, in the **15**th **resolution**, we ask you to renew the authorisation given last year to issue free share warrants in favour of the shareholders, in the event of an unsolicited purchase offer concerning the Company's shares, enabling such shareholders to subscribe to the Company's shares under preferential conditions.

This resolution is intended to allow our Board of Directors to use these warrants when faced with a public offer that might be initiated by an entity that has no obligation to obtain the approval of the Meeting of its shareholders to take defensive measures during the period of the offer, or that is controlled by an entity that is not subject to this obligation ("legal reciprocity exception").

This possibility allows for the preservation of the interests of the shareholders and the Company in the event of an offer that may not reflect the long term strategic value of Pernod Ricard.

This resolution would enable your Company to ensure, within a time compatible with the responsiveness that an unsolicited public offer requires, that the conditions offered reflect the position and the potential of your Company.

This delegation would only be used in the event of an offer considered by the Board of Directors as contrary to the interests of the Company and its shareholders. The Board of Directors may consult any external expert of its choice in order to assist it in assessing the offer and in order to determine whether the absence of reciprocity is applicable or not.

In the event that this delegation is implemented, the Board of Directors shall, when the warrants are issued, report to the shareholders the reasons why it considers the public offer in question not to be in the interests of the Company and its shareholders and that justify proceeding with issuing the warrants.

These warrants would cease to be valid as soon as the offer or any other competing offer that might be made were to fail, become null and void or be withdrawn.

The **maximum nominal amount of the shares** that may be issued through exercising these warrants may not exceed a maximum limit of **€145,000,000**, i.e. 93,548,387 shares representing 42.58% of the capital.

This authorisation would be valid for a period of **18 months** as and from the date of this Shareholders' Meeting.

Delegation of authority to the Board of Directors to decide on an increase in the share capital through the issue of shares or securities giving access to the share capital reserved for members of savings plans

In accordance with article L. 225-129-6 of the French Commercial Code, we are required to propose that, by voting in favour of the **16**th **resolution**, you delegate the authority to the Board of Directors to decide on an increase in the share capital by a **maximum nominal amount corresponding to 2% of the share capital** at the date of this Shareholders' Meeting, through the issue of shares or securities giving access to the share capital reserved for the members of one or more employee savings plans that would be put in place within the Company or the Group.

The issue price for the new shares or securities giving access to the share capital may not be more than 20% below the average of the listed prices of the share on the Euronext Paris 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 delegation would be granted for **26 months** from this Shareholders' Meeting and would replace the same type of delegation granted by the Shareholders' Meeting of 7 November 2007.

Powers to carry out the necessary legal formalities

In the **17**th **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 2008)

Having reviewed the Company's statutory financial statements for the financial year ended 30 June 2008, the management report of the Board of Directors and the general report of the Statutory Auditors on the Company's financial statements, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, approves the financial statements for the financial year ended 30 June 2008 and all transactions recorded in the financial statements or summarised in these reports, which show a net book profit amounting to €925,580,852.74 for the aforementioned financial year.

The Shareholders' Meeting places on record the report of the Chairman of the Board of Directors on the conditions governing the preparation and organisation of the work performed by the Board of Directors and internal control procedures implemented by the Company, and the report of the Statutory Auditors on such report. Pursuant to article 223-4 of the French Tax Code, the Shareholders' Meeting also places on record the fact that the total amount of the costs and expenses referred to in article 39-4 of the French Tax Code amounted to €125,815 for the past financial year, and that the tax paid with regard to these costs and expenses amounted to €43,322.

Second resolution

(Approval of the consolidated financial statements for the financial year ended 30 June 2008)

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 General Meetings, approves the consolidated financial statements for the financial year ended 30 June 2008 as presented to it as well as the transactions recorded in the financial statements or summarised in the report on management of the Group.

Third resolution

(Allocation of the results for the financial year ended 30 June 2008 and distribution of dividends)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, notes that the balance sheet for the financial year ended 30 June 2008 shows a profit of €925,580,852.74.

It resolves, on the proposal of the Board of Directors, to allocate and divide this profit as follows:

Earnings	€925,580,852.74
Appropriation to the legal reserve	€71,178.48
Balance	€925,509,674.26
Retained earnings	€517,716,451.00
Distributable earnings	€1,443,226,125.26
Dividend distributed	€289,981,525.68
Balance allocated to retained earnings	€1,153,244,599.58

A dividend of €1.32 per share will be distributed for each of the Company's shares.

An interim dividend payment of €0.63 per share was paid on 3 July 2008 and the balance amounting to €0.69 per share will be released on 13 November 2008 and distributed on 18 November 2008.

The Shareholders' Meeting resolves that the amount of the dividend accruing to treasury shares held by the Company, or those that have been cancelled, at the time of payment will be allocated to "Retained earnings".

The amount to be distributed of €1.32 per share will grant entitlement to the 40% tax deduction applicable to individual (non-corporate) shareholders who are French tax residents, as provided for in article 158-3 2° of the French Tax Code.

Shareholders' equity amounts to €3,968,061,981.01 after appropriation of income for the financial year.

The dividends distributed over the last three financial years were as follows:

	2004/2005(1)	2005/2006	2006/2007
Number of shares	87,967,892(2)	94,061,439	109,611,879
Dividend per share **(in euros)**	3.22(3)	2.52(4)	2.52(4)

(1) The financial year covered the period from 1 January 2004 to 30 June 2005.
(2) i.e. 70,484,081 shares on which €2.14 was paid in respect of the two interim dividend payments and 87,967,892 shares on which €1.08 was paid as a balance (the difference corresponds to the shares created via the share issue carried out on 26 July 2007).
(3) Amounts eligible for the 50% tax deduction for individual (non-corporate) shareholders who are French tax residents, as provided for in article 158-3 2° of the French Tax Code.
(4) Amounts eligible for the 40% tax deduction for individual (non-corporate) shareholders who are French tax residents, as provided for in article 158-3 2° of the French Tax Code.

Fourth resolution

(Related-party agreements referred to in articles L. 225-38 et seq. of the French Commercial Code)

Having reviewed the special report of the Statutory Auditors on the related-party agreements 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 General Meetings, notes the conclusions of said report and approves the agreements referred to therein.

Fifth resolution

(Approval of the commitment referred to in articles L. 225-38 and L. 225-42-1 of the French Commercial Code and the special report of the Statutory Auditors, relating to Mr Patrick Ricard)

Having reviewed the special report of the Statutory Auditors relating to the regulated agreements presented in compliance with article L. 225-40 of the French Commercial Code, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, approves pursuant to article L. 225-42-1 of the French Commercial Code, the commitment that is set out in it and benefiting Mr Patrick Ricard, Chairman and CEO.

Sixth resolution

(Approval of the commitment referred to in articles L. 225-38 and L. 225-42-1 of the French Commercial Code and the special report of the Statutory Auditors, relating to Mr Pierre Pringuet)

Having reviewed the special report of the Statutory Auditors relating to the regulated agreements presented in compliance with article L. 225-40 of the French Commercial Code, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, approves pursuant to article L. 225-42-1 of the French Commercial Code, the commitment that is set out in it and benefiting Mr Pierre Pringuet, Managing Director.

Seventh resolution

(Renewal of Mr Patrick Ricard's term of office as 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, has decided to renew Mr Patrick Ricard's term of office as Director.

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 2012 to approve the financial statements for the previous financial year.

Eighth resolution

(Renewal of Mr Pierre Pringuet's term of office as 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, has decided to renew Mr Pierre Pringuet's term of office as Director.

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 2012 to approve the financial statements for the previous financial year.

Ninth resolution

(Renewal of Mr Rafaël Gonzalez-Gallarza's term of office as 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, has decided to renew Mr Rafaël Gonzalez-Gallarza's term of office as Director.

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 2012 to approve the financial statements for the previous financial year.

Tenth resolution

(Appointment of Mr Wolfgang Colberg as Director)

Having reviewed the report of the Board of Directors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, taking into account that Mrs Françoise Hémard's term of office has drawn to a close, has decided to appoint Mr Wolfgang Colberg as Director.

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 2012 to approve the financial statements for the previous financial year.

Mr Wolfgang Colberg has informed the Company that he accepts this term of office and that he fulfils the conditions and obligations required by the regulations in force.

Eleventh resolution

(Appointment of Mr César Giron as Director)

Having reviewed the report of the Board of Directors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, and taking into account the fact that Mr Richard Burrows' term of office has drawn to a close, has decided to appoint Mr César Giron as Director.

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 2012 to approve the financial statements for the previous financial year.

Mr César Giron has already informed the Company that he accepts this term of office and that he fulfils the conditions and obligations required by the regulations in force.

Twelfth resolution

(Setting of the annual amount of Directors' fees allocated to members of the Board of Directors)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, and on the proposal of the Board of Directors, resolves to set the aggregate annual amount of Directors' fees in respect of the current financial year at €750,000.

Thirteenth 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 General Meetings, with the possibility for it to in turn delegate these powers in accordance with the provisions of articles L. 225-209 *et seq.* of the French Commercial Code, and of the European Commission Regulation no. 2273/2003 of 22 December 2003, authorises the Board of Directors to purchase shares in the Company in order to:

(i) allocating shares or transferring them to employees and/or Directors of the Company and/or its currents 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 Directors of the Company and its Group; or

(iii) make free allocations of shares to employees and Directors of the Company and/or 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, for up to 5% of the number of shares making up the share capital; or

(v) deliver shares upon the exercise of rights attaching to securities giving 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 subject to the Shareholders' Meeting authorisation to reduce the share capital 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).

The Company will be able to purchase a number of shares such that:

- the Company does not purchase more than 10% of the shares making up its share capital at any time during the term of the share repurchase programme; this percentage will apply to the share capital adjusted on the basis of capital transactions carried out after this Shareholders' Meeting; and
- the number of its own shares held by the Company at any time does not exceed 10% of the number of shares making up its share capital.

These shares may be purchased, sold, transferred or exchanged, 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 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 the periods that the Board of Directors considers appropriate; however, during a public offer period, these transactions may only be carried out in strict compliance with the provisions of article 232-17 of the General Regulation 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 if, secondly, the repurchase transactions (a) are carried out 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 (iv) 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 €125, excluding the acquisition costs.

Pursuant to article R. 225-151 of the French Commercial Code (former article 179-1 of the French Decree of 23 March 1967 on commercial companies), the Shareholders' Meeting sets the maximum total amount allocated to the share repurchase programme authorised above at €2,746,037,125 corresponding to a maximum number of 21,968,297 shares purchased on the basis of the maximum unit price of €125 authorised above.

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 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 full powers to the Board of Directors, 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 repurchase programme, and in particular to place all stock exchange orders, enter into any agreement, in particular repurchase or derivate, with a view to keeping registers of share purchases and sales, make all declarations to the French Financial Markets Authority and to any other authority which may take over from it, carry out 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. It 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 7 November 2007 in its 8th resolution.

Resolutions presented to the Extraordinary Shareholders' Meeting

Fourteenth resolution

(Delegation to be granted to the Board of Directors to reduce the share capital by cancelling shares re-purchased previously)

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. 225-209 *et seq*. of the French Commercial Code:

1. authorises the Board of Directors to reduce the share capital by cancelling, on one or more occasions, all or part of the treasury shares held by it or acquired by it pursuant to the share repurchase programmes authorised by the Shareholders' Meeting, in particular in accordance with the 13th resolution above, for up to 10% of the capital per 24-month period;
2. resolves that the excess amount of the purchase price of the shares cancelled as compared to their par value shall be allocated to the "Share premiums" account or to any available reserve accounts, including the legal reserve, for up to 10% of the reduction in capital carried out;
3. grants the Board of Directors full powers, with the possibility for it to delegate such powers in turn within the limits set by the bylaws and by law, to cancel, on its own decision, the shares thus acquired, to reduce the share capital accordingly, to allocate the excess amount as provided for above, and to make the corresponding amendments to article 6 of the bylaws and carry out all formalities.

This authorisation will be valid for a period of 24 months from the date of this Shareholders' Meeting. It cancels and supersedes, as from such date, the authorisation given by the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 7 November 2007 in its 9th resolution.

Fifteenth resolution

(Delegation of authority to be granted to the Board of Directors to issue share warrants in the event of a public offer with regard to the Company's shares)

Having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, the Extraordinary Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, and deliberating in accordance with articles L. 233-32 II and L. 233-33 of the French Commercial Code:

1. delegates authority to the Board of Directors to decide on the issue, in the event of a public offer with regard to the Company's shares, on one or more occasions, and in the proportions and at the times it considers appropriate, warrants making it possible to subscribe, under preferential conditions, for one or more of the Company's shares and the free allocation of such warrants to all the Company's shareholders who have the status of shareholder prior to the expiry of the public offer period, as well as to set the conditions for exercise and other features of such share warrants. These warrants will become legally void when the offer or any other possible competing offer has failed, has become void or has been withdrawn;
2. resolves that the maximum nominal amount of the ordinary shares that may be issued via the exercise of such warrants may not exceed a maximum limit of €145 million, it being specified that this maximum limit has been set independently of any other maximum limit relating to issues of equity securities or securities giving access to the Company's share capital authorised by the Shareholders' Meeting, and the maximum number of warrants that may be issued may not exceed the number of shares making up the share capital at the time of issue of the warrants;
3. resolves that the Board of Directors shall have 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 delegation of authority under the conditions provided for by law.

This delegation will be valid for a period of 18 months as from the date of this Shareholders' Meeting. It cancels and supersedes, as from the date of this meeting, the delegation of authority given by the Combined (Ordinary and Extraordinary) Shareholders' Meeting on 7 November 2007 in its 19th resolution.

Sixteenth resolution

(Delegation of authority to be granted to the Board of Directors to decide on an increase in the share capital through the issue of shares or securities giving access to the share capital reserved for members of savings plans with cancellation of preferential subscription rights 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 General 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 issues of shares or securities giving access to the share capital reserved for the members of one or more employee savings plans (or any other plan whereby it would be possible to carry out an increase in the share capital reserved for such plan's members 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. resolves to set the maximum nominal amount of capital increases that may be carried out in this respect at 2% of share capital at the close of this Shareholders' Meeting:
   - this maximum limit is set without taking into account the nominal amount of the ordinary shares of the Company that may be issued with respect to adjustments made to protect the holders of the rights attached to the securities giving access to the share capital,
   - the nominal amount of the increase in the share capital made pursuant to this delegation of authority shall be deducted from the maximum limit set by the Combined Shareholders' Meeting on 7 November 2007 in the 11th resolution;
3. resolves that the issue price of the new shares or of the securities giving 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 share on the Euronext Paris market during the 20 trading sessions prior to the date of the decision setting the opening date for the subscription period for the increase in share capital reserved for the members of an employee 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 eliminate the abovementioned discount, within the limits provided for by law and regulations, 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 gratuitously to the beneficiaries set out above, in addition to the shares or securities giving access to the capital to be subscribed to in cash, shares or securities giving 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 made by the Company to add to the members' own contributions, 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. resolves to cancel, in favour of the beneficiaries set out above, the shareholders' preferential subscription rights to the shares that are the subject of this authorisation; the aforementioned shareholders furthermore waive all rights to the free shares or securities giving 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 records that this delegation cancels and supersedes, as from such date, the delegation of authority given by the Combined (Ordinary and Extraordinary) Shareholders' Meeting on 7 November 2007 in its 20th resolution;

7. resolves that the Board of Directors shall have all 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 to this effect, in particular:

   - to decide, under the conditions provided for by law, on the list of companies whose employees who have subscribed to the employee savings plan may subscribe to shares or securities that give access to the capital issued in this way, and benefit if applicable from free shares or securities giving access to the capital,
   - resolve 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,
   - determine the conditions, in particular in respect of length of service, to be met by the beneficiaries of the share capital increases,
   - set the beginning and ending dates of the subscription periods,
   - set the amounts of the issues of shares or securities that will be made pursuant to this authorisation and decide on, in particular, the issue prices, dates, time periods, terms and conditions of subscription, paying-in, delivery and the dates of entitlement to dividend rights in respect of the shares or securities (even with retrospective effect) 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 of securities giving access to the share capital, set the number of shares or securities giving 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 giving access to the share capital within the limits provided for by French law and the regulations in force and, in particular, choose either to substitute, in full or in part, the allocation of such shares or securities giving access to the capital for the discounts as compared with the Reference Price as provided for above, or to deduct the equivalent value of these shares from the total amount of the special contribution made by the Company to add to the members' own contribution, or to use a combination of these two possibilities,
   - record the completion of the increases in the share capital for the amount of the shares subscribed (after a potential reduction in the event of over-subscription),
   - where applicable, 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 capital resulting from such increases in the share capital,
   - enter into all agreements, carry out directly or indirectly, via a duly authorised agent, all transactions including carrying out 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 attaching thereto or resulting from the increases in share capital carried out.

Seventeenth 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, everywhere they may be required, any legal formalities for the purposes of registration or for publication or otherwise, as required.

Statutory Auditors' Report on the decrease in share capital by cancellation of treasury shares

Combined Annual Shareholders' Meeting on 5 November 2008 14th resolution

To the Shareholders,

As Statutory Auditors to Pernod Ricard and in accordance with the engagement provided for by Article L.225-209 § 7 of the French Commercial Code in the case of a decrease in share capital by cancellation of treasury shares, we have prepared this report with the objective of informing you of our understanding of the reasons for and conditions of the envisaged decrease in share capital.

We conducted the procedures that we considered necessary in accordance with the professional standards of the French Institute of Statutory Auditors (CNCC) relating to this engagement. These procedures involved examining whether the reasons for and conditions of the proposed decrease in the share capital are due and proper.

This operation falls within the context of the purchase by your Company of its own shares, up to a maximum of 10% of the share capital, in accordance with the conditions set out in Article L.225-209 of the French Commercial Code. Moreover, this purchase authorization is proposed to your Shareholders' Meeting for approval and would be given for a period of 18 months (13th resolution).

Your Board of Directors requests that it be empowered, with a possibility for it to further sub-delegate, for a period of 24 months, to proceed with the cancellation of its own shares that the Company was authorised to purchase, up to a maximum of 10% of its share capital (by period of 24 months).

We have nothing to report on the reasons for and conditions of the envisaged decrease in share capital, which can be performed only after your Shareholders' Meeting has already approved the purchase by your Company of its own shares.

Neuilly-sur-Seine and Courbevoie, 18 September 2008

The Statutory Auditors

Deloitte & Associés

Alain Penanguer

Mazars & Guérard

Loïc Wallaert

Statutory Auditors' Report on the issue of share warrants in case of a public offer on the Company's shares

Combined Annual Shareholders' Meeting on 5 November 2008 15th resolution

To the Shareholders,

As Statutory Auditors to Pernod Ricard and in accordance with the engagement provided for by Article L.228-92 of the French Commercial Code, we have prepared this report on the proposed issue of share warrants free of charge in the case of a public offer concerning the company, an operation which you are called on to approve.

On the basis of its report, your Board of Directors proposes that, for a period of 18 months and in connection with Articles L. 233-32-II and L. 233-33 of the French Commercial Code, you delegate it the authority to:

- decide to issue share warrants subject to the provisions of Article L. 233-32-II of the French Commercial Code making it possible to subscribe, under preferential conditions, for one or more of the Company's shares and the free allocation of such warrants to all the Company's shareholders who have the status of shareholder prior to the expiry of the public offer period;
- set the conditions for exercising these warrants and the warrants' characteristics.

The maximum nominal amount of ordinary shares that could be issued cannot exceed a ceiling of €145,000,000 and the maximum number of share warrants which could be issued cannot exceed the number of shares in the Company's share capital at the date of issue of the share warrants.

It is the Board of Directors' role to prepare a report in accordance with the provisions of Articles R.225-113, R.225-114 and R.225-117 of the French Commercial Code. Our role is to report to you on the fairness of the financial information extracted from the financial statements and on certain other information concerning the issue provided in this report.

We conducted the procedures that we considered necessary in accordance with the professional standards of the French Institute of Statutory Auditors (CNCC) relating to this engagement. These procedures involved verifying the content of the Board of Directors' report in respect of this operation.

We have no matters to report concerning the information provided in the Board of Directors' report in respect of the envisaged share warrant issue in the event of a public offer concerning the Company.

We will prepare an additional report as required in view of confirmation by the Shareholders' meeting provided for by Article L. 233-32-III of the French Commercial Code, and in accordance with Article R. 225-116 of the French Commercial Code, at such time as this delegation is used by your Board of Directors.

Neuilly-sur-Seine and Courbevoie, 18 September 2008

The Statutory Auditors

Deloitte & Associés
Alain Penanguer

Mazars & Guérard
Loïc Wallaert

Statutory Auditors' Report on the issue of shares or securities giving access to the share capital with cancellation of preferential subscription rights reserved for members of employee savings plans

Combined Annual Shareholders' Meeting on 5 November 2008 16th resolution

To the Shareholders,

As Statutory Auditors to Pernod Ricard and in accordance with the engagement provided for by Articles L.225-135 *et seq.* and L.228-92 of the French Commercial Code, we hereby present our report on the proposed delegation of authority to the Board of Directors in order to carry out one or several share capital increases by issuing shares or securities giving a right to share capital in the Company, with cancellation of your preferential subscription rights, reserved for members of the employee savings plans, a transaction which you are called on to approve. This transaction could result in a capital increase of a maximum nominal amount of 2% of the company's capital after this Shareholders Meeting, it being specified that the nominal amount of the capital increase carried out in accordance with this delegation will be deducted from the cap set by the Combined Shareholders' Meeting on 7 November 2007 in its 11th resolution.

This share capital increase is submitted for your approval in accordance with Articles L.225-129-6 of the French Commercial Code and L.3332-18 to L. 3332-24 of the French Labour Code.

On the basis of its report, your Board of Directors proposes that, for a period of 26 months and with a possibility for it to further sub-delegate, you delegate it the authority to carry out one or several issues of shares or of securities giving access to the share capital and that you renounce your preferential subscription rights. If necessary, it will be for the Board of Directors to set the definitive issue conditions for this transaction.

It is the Board of Directors' role to prepare a report in accordance with the provisions of Articles R.225-113, R.225-114 and R.225-117 of the French Commercial Code. Our role is to report to you on the fairness of the financial information extracted from the financial statements, on the proposal to waive you preferential subscription rights and on certain other information concerning the issue provided in this report.

We conducted the procedures that we considered necessary in accordance with the professional standards of the French institute of statutory auditors (CNCC) relating to this engagement. These procedures involved verifying the content of the report prepared by the Board of Directors in respect of this transaction and the manner in which the issue price is determined.

Subject to reviewing at a future date the conditions of any issue of shares or securities giving access to the share capital as may be decided upon, we have no matters to report regarding the manner of determination of the issue price of the capital to be issued set out in the Board of Directors' report.

As the issue price has not been set, we do not express an opinion on the final conditions of the capital increase and, as a result, on the proposal made to you to cancel your preferential subscription rights.

Pursuant to Article R.225-116 of the French Commercial Code, we will prepare an additional report, if required, at such time as your Board of Directors makes use of this authorisation.

Neuilly-sur-Seine and Courbevoie, 18 September 2008

The Statutory Auditors

Deloitte & Associés	**Mazars & Guérard**
Alain Penanguer	Loïc Wallaert

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ABOUT THE COMPANY AND ITS SHARE CAPITAL

About Pernod Ricard

Company name and trade name

Pernod Ricard.

Head office

12, place des États-Unis – 75116 Paris
Tel.: + 33 (0)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 French company, governed by the French Commercial Code.

Formation date and duration

The Company was formed on 13 July 1939 for a period of 99 years, expiring on the same day in 2038.

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 operations connected to 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: e.g. 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 commercial number and APE business activity code

The Company is registered in the Trade and Companies Register under number 582 041 943 RCS Paris.

Pernod Ricard's business activity (APE) code is 741J. This corresponds to business administration activities.

Financial year

From 1 July to 30 June of each year.

Statutory breakdown of profits

Net profit is comprised of the Company's income as derived from the income statement after deduction of overheads and any other social contribution, personnel expenses, depreciation and amortisation of assets, and all provisions for commercial or industrial contingencies, if any.

From the net profit, reduced when necessary by prior losses, at least 5% is withheld for transfer to the legal reserve. The withholding is no longer mandatory when the legal reserve reaches an amount equal to a tenth of the share capital. And once again becomes mandatory in the event where, for any reason whatever, this reserve falls below a tenth.

From the distributable profit, as determined in accordance with law, the amount required to pay an initial dividend of 6% of the fully paid-up, unredeemed value of the shares is withheld.

From the available surplus, the Ordinary Shareholders' Meeting may decide to withhold 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 redemption of the shares;
- or capitalised or used for the repurchase and cancellation of shares.

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.

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 French 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 French 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 zero hours (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 zero hours (Paris time) three business days before the Shareholders' Meeting may also ask for such a certificate to be drawn up.

If a shareholder does not attend the Shareholders' Meeting in person, he may choose one of three possible options:

- give a proxy in writing to another shareholder or to his/her spouse;
- 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 zero hours (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, the proxy form, the 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 zero hours (Paris time) on the third business day prior to the Shareholders' Meeting, whatever 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

Multiple voting rights

A double voting right compared to the voting right for other shares, in light of the fraction of the authorised share capital they represent, is granted to all fully paid-up shares that can be shown to have been registered for at least ten years and commencing on 12 May 1986 inclusive, in the name of the same shareholder (Extraordinary Shareholders' Meeting of 13 June 1986).

In the event of a share capital increase through the capitalisation of reserves, profits 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.

Any share loses the double voting right if converted into bearer form or if its ownership is transferred.

Existence of specific voting rights

None of the shareholders referred to in the table below entitled "Breakdown of capital and voting rights", hold different voting rights in that the provisions of the bylaws in respect of the voting rights apply to all shareholders, including the shareholders referred to in the above table.

Restrictions on voting rights

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 (Extraordinary Shareholders' Meeting of 13 June 1986).

Declaration of statutory thresholds

Any individual or corporate body acquiring a holding 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 fifteen days from the date on which this threshold is exceeded. This notification must be repeated, under the same conditions, each time the threshold is exceeded by an additional 0.5%, up to 4.5% inclusive.

In the event of non-compliance with the obligation mentioned in the previous paragraph, shares in excess of the non-declared amount shall be deprived of voting rights, at the request, as set forth in the minutes of the Shareholders' Meeting, of one or more shareholders holding at least 5% of the share capital, for any Shareholders' Meeting held until the expiry of the period stipulated by article L. 233-14 of the French Commercial Code following the date when the notification is made (Extraordinary Shareholders' Meeting of 10 May 1989).

Modification of shareholders' voting rights

The Extraordinary Meeting of Shareholders has the power to modify shareholders' rights, under the conditions defined by law.

Items likely to have an impact in case of a public offer

Pursuant to article L. 225-100-3 of the French Commercial Code, the items that may have an impact in case of public offer are as follows:

- statutory restriction to the exercise of voting rights: see section 7 "Conditions for voting rights" in the section "Information on the Company and its share capital" of the reference document;
- agreements between shareholders that the Company has knowledge there of: refer to the "Shareholders' Agreement" part of section "Information on the Company and its share capital" of the reference document;
- powers of the Board of Directors' for the issue of shares or marketable securities: refer to the "Authorised un-issued share capital" of the section "Information on the Company and its share capital" of the reference 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 Alain Penanguer, whose head office is at 185, avenue Charles de Gaulle, 92524 Neuilly-sur-Seine, appointed at the Shareholders' Meeting of 7 May 2003, and whose office was renewed for a period that will end after the Ordinary Meeting of Shareholders convened to approve the financial statements for financial year 2010/2011.

Mazars & Guérard, member of the *Compagnie régionale des Commissaires aux Comptes de Versailles* (Versailles regional auditors association), represented by Mr Loïc Wallaert, whose head office is at Exaltis, 61, rue Henri Regnault, 92075 Paris-La Défense, appointed at the Shareholders' Meeting of 13 June 1986, and whose term of office was renewed for a period that will end after the Ordinary Meeting of Shareholders convened to approve the financial statements for financial year 2009/2010.

Substitute Statutory Auditors

BEAS, whose head office is at 7-9, Villa Houssay, 92524 Neuilly-sur-Seine, substitute for Deloitte & Associés, appointed at the Shareholders' Meeting of 7 May 2003, and whose office was renewed for a period that will end after the Ordinary Shareholders' Meeting convened to approve the financial statements for financial year 2010/2011.

Mr Patrick de Cambourg, residing at Exaltis, 61, rue Henri Regnault, 92075 Paris-La Défense, substitute of Mazars & Guérard, appointed at the Shareholders' Meeting of 17 May 2004 for a period of six financial years. His office will expire at the end of the Ordinary Shareholders' Meeting convened to rule on the financial statements of financial year 2009/2010.

FEES OF STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS FOR THE 12-MONTH FINANCIAL YEAR (1 JULY 2007 – 30 JUNE 2008)

Assignments In thousands of euros	Deloitte & Associés	%	Mazars & Guérard	%	Other	%	Total	%
A. Audit								
Statutory Auditors, certification, review of individual and consolidated accounts								
Company	570	16%	575	15%	-	N.A.	1,145	14%
Consolidated subsidiaries	2,896	79%	2,918	75%	274	46%	6,088	74%
Secondary assignments								
Company	-	N.A.	-	N.A.	-	N.A.	-	N.A.
Consolidated subsidiaries	-	N.A.	146	4%	95	16%	241	3%
SUB-TOTAL AUDIT	**3,466**	**94%**	**3,640**	**93%**	**370**	**62%**	**7,475**	**91%**
B. Other services								
Legal and tax	142	4%	118	3%	157	26%	417	5%
Other services	66	2%	154	4%	68	11%	288	4%
SUB-TOTAL OTHER SERVICES	**208**	**6%**	**272**	**7%**	**226**	**38%**	**706**	**9%**
TOTAL FEES EXPENSE	**3,674**	**100%**	**3,912**	**100%**	**595**	**100%**	**8,180**	**100%**

Information about 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. The bylaws do not provide for any derogatory provisions and do no impose any special contingencies.

Amount of paid-up capital at 30 June 2008

At 30 June 2008, Pernod Ricard's share capital was €340,508,609.70 divided into 219,682,974 fully paid-up ordinary shares, with a par value of €1.55 each[(1)].

Shares not representing capital

There are no shares that do not represent the Company's capital.

The Pernod Ricard shares held by Le Delos Invest 1, Le Delos Invest 2 and Lirix, companies linked to Paul Ricard SA, within the meaning of article 233-3 of the French Commercial Code, are pledged for third parties.

(1) On 23 July 2008, the Board of Directors of Pernod Ricard recorded an increase in the share capital of the Company to €340,508,609.70 (divided into 219,682,974 shares with a par value of €1.55 each), following the exercise of the stock options within the scope of the stock option plans set up by the Company (*cf.* infra).

Authorised unissued share capital

The table below shows a list of the delegations of authority and authorisations that are currently valid (at 17 September 2008):

ISSUES OF SHARES OR SECURITIES WITH PREFERENTIAL SUBSCRIPTION RIGHTS

Type of securities	Source (resolution No.)	Maximum nominal amount in case of issue of debt securities	Maximum nominal amount for capital increase	Duration	Expiry date	Use during the financial year ended 30.06.08 and up to 17.09.08	Features/Terms
Ordinary shares and/or securities giving access to the share capital	10th – AGM of 07.11.2007	€5 billion	€170 million	26 months	January 2010	-	All the issues of shares and debt securities made pursuant to the 11th, 12th, 13th, 14th, 16th and 20th resolutions of the SM of 07.11.07 will be deducted from the maximum limits defined in this resolution. These amounts may be increased by a maximum of 15%, in the event of additional requests (12th resolution - SM of 07.11.07)
Additional paid-in capital, reserves, profits and other	16th – AGM of 07.11.2007	-	€170 million	26 months	January 2010	-	Will be deducted from the maximum limit provided for in the 10th resolution - SM of 07.11.07

ISSUES WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS

Type of securities	Source (resolution No.)	Maximum nominal amount in case of issue of debt securities	Maximum nominal amount for capital increase	Duration	Expiry date	Use during the financial year ended 30.06.08 and up to 17.09.08	Features/Terms
Ordinary shares and/or securities giving access to the share capital	11th – AGM of 07.11.2007	€4 billion	€68 million	26 months	January 2010	-	Will be deducted from the maximum limit provided for in the 10th resolution – SM of 07.11.07. All the issues of shares and debt securities made pursuant to the 11th, 12th, 13th, 14th, and 20th, resolutions of the SM of 07.11.07 will be deducted from the maximum limits defined in this resolution. These amounts may be increased by a maximum of 15%, in the event of additional requests (12th resolution – SM of 07.11.07)
Shares and securities giving access to the share capital in consideration for contributions in kind granted to the Company	13th – AGM of 07.11.2007	-	Statutory ceiling (10% of the share capital at the time of issue)	26 months	January 2010	-	Will be deducted from the maximum limit provided for in the 11th resolution - SM of 07.11.07
Securities giving access, immediately or in the future, to the Company's share capital in the event of a public offer launched, by the Company)	14th – AGM of 07.11.2007		20% of the share capital at the time of issue	26 months	January 2010	-	Will be deducted from the maximum limit provided for in the 11th resolution – SM of 07.11.07
Share warrants in case of a public offer on the Company's securities	19th – AGM of 07.11.2007		€145 million	18 months	May 2009	-	

Other financial authorisations

The table below shows a list of the delegations of authority and authorisations that are currently valid (at 17 September 2008):

Type of securities	Source (resolution No.)	Maximum nominal amount in case of issue of debt securities	Maximum nominal amount for capital increase	Duration	Expiry date	Use during the financial year ended 30.06.08 and up to 17.09.08	Features/Terms
Debt instruments that grant entitlement to the allocation of debt securities	15th – AGM of 07.11.2007	€5 billion	-	26 months	January 2010	-	-

ISSUES RESERVED FOR EMPLOYEES AND DIRECTORS

Type of securities	Source (resolution No.)	Maximum nominal amount for capital increase	Duration	Expiry date	Use during the financial year ended 30.06.08 and up to 17.09.08	Features/Terms
Stock options to be granted to employees and Directors	9th – AGM of 07.11.2006	5% of share capital	38 months	January 2010	A stock option plan concerning 1,187,650 options granting entitlement to acquire the same number of shares was set up on 18.06.08	
Bonus issue	18th – AGM of 07.11.2007	1% of share capital (at the authorisation date)	38 months	January 2011	A free share plan for 380,898 shares granted to 804 beneficiaries was set up on 18.06.08	
Shares or securities giving access to share capital, reserved for members of employee savings plans	20th – AGM of 07.11.2007	2% of capital (at the end of the Shareholders' Meeting of 01.11.2007)	26 months	January 2010	-	

SHARE REPURCHASE PROGRAMME

Type of authorisation	Source (resolution No.)	Nominal limit	Duration	Expiry date	Use during the financial year ended 30.06.08 and up to 17.09.08	Features/Terms
Repurchase of shares	8th – AGM of 07.11.2007	10% of share capital (5% in the case of custody and placing the shares at a later date in an M&A operation)	18 months	May 2009	As from 21 May 2008 the Company has purchased its own shares in order to cover the stock option and free share plans set up in June 2008. The purchases concerned 513,913 shares acquired on the stock market and 1,050,000 stock options (one share per option) (American call expiring on 17 June 2012)	Maximum purchase price: €250 (prior to 1 for 2 split of the face value of the Pernod Ricard share, carried out on 15 January 2008)
Cancellation of shares	9th – AGM of 07.11.2007	10% of share capital	24 months	November 2009	-	

Contingent share capital

Stock options

Refer to the section "Management Report" in the "Employee share ownership" paragraph.

Changes in the share capital over the last five years

CHANGES IN THE SHARE CAPITAL OVER THE LAST FIVE YEARS

Share capital opening balance In euro	Number of shares prior to the transaction	Year	Type of transaction	Ratio	Effective date	Shares issued/ cancelled	Issue or conversion premium In euro	Number of shares after the transaction	Share capital closing balance In euro
218,500,651.10	70,484,081	2005	Capital increase	N.A.	26.07.2005	17,483,811	112.90	87,967,892	272,700,465.20
272,700,465.20	87,967,892	2005	Conversion of OCEANE bonds	1.25 for 1	31.08.2005	3,395,754	88.46	91,363,646	283,227,302.60
283,227,302.60	91,363,646	2005	Conversion of OCEANE bonds	1.25 for 1	09.09.2005	2,308,584	88.46	93,672,230	290,383,913.00
290,383,913.00	93,672,230	2006	Exercise of options(4)	N.A.	26.07.2006	389,209	58.50/ 62.10	94,061,439	291,590,460.90
291,590,460.90	94,061,439	2006	Exercise of options(4)	N.A.	07.11.2006	66,669	58.50/ 62.10	94,128,108	291,797,134.80
291,797,134.80	94,128,108	2006	Capital reduction(2)	N.A.	07.11.2006	3,209,032	143.98	90,919,076	281,849,135.60
281,849,135.60	90,919,076	2007	Exercise of options(4)	N.A.	08.01.2007	161,037	58.50/ 62.10	91,080,113	282,348,350.30
282,348,350.30	91,080,113	2007	Bonus shares(3)	1 for 5	16.01.2007	18,216,022	3.10	109,296,135	338,818,018.50
338,818,018.50	109,296,135	2007	Exercise of options(4)	N.A.	25.07.2007	315,744	48.23/ 51.23/ 58.33	109,611,879	339,796,824.90
339,796,824.90	109,611,879	2008	Exercise of options(4)	N.A.	10.01.2008(6)	128,483	48.23/ 58.33	109,740,362	340,195,122.20
340,195,122.20	109,740,362	2008	1 for 2 stock split(5)	2 for 1	15.01.2008	109,740,362	N.A.	219,480,724	340,195,122.20
340,195,122.20	219,480,724	2008	Exercise of options(4)	N.A.	23.07.2008	202,250	25.67/ 27.17/ 30.72	219,682,974	340,508,609.70

(1) N.A. = not applicable.

(2) On 20 September 2006, the Board of Directors decided on the dissolution without liquidation of Santa Lina (which held 3,209,032 Pernod Ricard shares), leading to the transfer of all the assets and liabilities of Santa Lina to the Company, with effect from 7 November 2006. The Shareholders' Meeting of 7 November 2006 decided to cancel all the treasury shares held by the Company following the transfer of all the assets and liabilities of Santa Lina and the corresponding reduction in the share capital for an amount of €9,947,999.20.

(3) Pursuant to the authorisation granted by the Combined (Ordinary & Extraordinary) Shareholders' Meeting on 10 November 2005, the Board of Directors decided on 7 November 2006 to increase the Company's share capital via the capitalization of reserves and a distribution of bonus shares on the basis of one new share for five old shares held. The newly issued free shares were allocated to the shareholders as from 16 January 2007 and granted entitlement to dividends in respect of the financial year beginning on 1 July 2006. The allocation rights were not negotiable and the price to compensate for fractional shares amounted to €319,704,157, and these amounts were credited to the shareholders as from 5 February 2007. Pursuant to this transaction, the Company's share capital was increased to €338,818,018.50, divided into 109,296,135 shares.

(4) The shares resulting from these stock options were created as and when the stock options were exercised. The dates mentioned are the dates on which the Board of Directors placed on record the corresponding increases in the share capital.

(5) The Board of Directors of 23 January 2008 decided to implement as of 15 January 2008, the 1 for two split and exchange of a €3.10 share for two new €1.55 shares.

(6) Recognition date for the exercise of options by the Chairman and CEO authorised by the Board of Directors, itself authorised by the Combined Shareholders' Meeting of 7 November 2007.

Changes in voting rights over the last five years

CHANGES IN THE VOTING RIGHTS OVER THE LAST FIVE YEARS

Years[1]	Number of voting rights
Situation at 18.03.2003	84,723,944
Situation at 17.05.2004	84,837,362
Situation at 21.09.2005	107,190,371
Situation at 20.09.2006	97,096,356
Situation at 19.09.2007[2]	120,955,418
Situation at 17.09.2008[2]	242,576,072

(1) *The data provided are at the date of the breakdown of share capital and voting rights.*
(2) *With regard to the situation at 17 September 2008, the information concerns the total number of voting rights of the Company including suspended voting rights.*

Shareholders' agreements

Pernod Ricard was notified on 8 February 2006 of the signing of a shareholders' agreement between Mr Rafaël Gonzalez-Gallarza and Paul Ricard SA; pursuant to this agreement, Mr Rafaël Gonzalez-Gallarza undertakes to consult Paul Ricard SA prior to any Pernod Ricard Shareholders' Meeting in order for them to vote the same way. Furthermore, Mr Rafaël Gonzalez-Gallarza undertook to notify Paul Ricard SA 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 Paul Ricard and the parties acting in concert to launch a public offer for Pernod Ricard. Finally, Paul Ricard SA has a pre-emption right with regard to any Pernod Ricard shares that Mr Rafaël Gonzalez-Gallarza may wish to dispose of.

Paul Ricard SA, Kirin International Finance B.V. and Kirin Brewery Company Ltd ("Kirin") signed on 22 March 2006, in the presence of Pernod Ricard, a shareholders' agreement pursuant to which Paul Ricard SA and Kirin undertook to consult one another before each Shareholders' Meeting in order to vote the same way. Furthermore, Kirin undertook not to sell its Pernod Ricard SA shares for a certain period, and a pre-emption right was granted to Paul Ricard SA in the event that Kirin were to sell its shares after the expiry of such period.

Breakdown of share capital and voting rights as at 30 June 2008

Shareholders	Situation at 17.09.08			Situation at 19.09.07			Situation at 20.09.06		
	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*
Paul Ricard SA[1]	27,318,300	12.43%	18.65%	11,704,767	10.68%	17.09%	8,942,907	9.51%	16.91%
Directors and Management of Pernod Ricard	3,453,358	1.57%	2.12%	1,738,625	1.59%	2.13%	1,452,196	1.54%	2.22%
Shares held by Pernod Ricard employees	2,968,884	1.35%	2.00%	1,450,484	1.32%	1.88%	1,257,309	1.34%	1.93%
Kirin International Finance B.V. (Netherlands)	8,227,544	3.74%	3.39%	4,113,772	3.75%	3.40%	3,428,144	3.64%	3.53%
Groupe Bruxelles Lambert[2]	16,830,737	7.66%	6.94%	6,765,547	6.17%	5.59%	-	-	-
Morgan Stanley (US)[3]	10,823,654	4.93%	4.46%	-	-	-	-	-	-
Franklin Resources, Inc & Affiliates[4]	8,488,514	3.86%	3.50%	4,244,257	3.87%	3.51%	3,780,653	4.02%	3.89%
Caisse des Dépôts et Consignation (CDC Ixis)[5]	5,473,092	2.49%	2.26%	3,673,008	3.35%	3.04%	3,102,889	3.30%	3.20%
Natixis Asset Managemen[6]	5,256,681	2.39%	2.17%	3,490,329	3.18%	2.89%	-	-	-
MFS Investment Management (US)[7]	5,057,938	2.30%	2.09%				-		
Crédit Agricole Asset Managemen[8]	4,393,660	2.00%	1.81%	2,430,769	2.22%	2.01%	2,430,769	2.58%	2.50%
CNP Assurances[9]	3,289,856	1.50%	1.36%	1,625,988	1.48%	1.34%	1,090,645	1.16%	1.12%
Platinium Asset Management (Australia)[10]	2,332,084	1.06%	0.96%	1,084,847	0.99%	0.90%	951,602	1.01%	0.98%
Cantillon Capital Management (US)[11]	2,036,981	0.93%	0.84%						
UBS AG (UK)[12]	1,866,451	0.85%	0.77%	-	-	-	476,543	0.51%	0.49%
Farallon Capital Management L.L.C. (US)[13]	1,649,846	0.75%	0.68%						
Crédit Suisse (UK)[14]	1,219,019	0.55%	0.50%						
Mousseluxe SARL[15]	1,122,500	0.51%	0.46%						
Société Générale Group	-	-	-	-	-	-	1,012,481	1.07%	1.04%
BNP Paribas	-	-	-	-	-	-	1,068,814	1.14%	1.10%
Écureuil Gestion FCP	-	-	-	-	-	-	1,939,987	2.06%	2.00%
Groupama	-	-	-	-	-	-	753,550	0.80%	0.78%
M & G Investments (UK)	-	-	-	-	-	-	421,604	0.45%	0.43%
DNCA Finance	-	-	-	-	-	-	515,900	0.55%	0.53%
Pernod Ricard									
• Shares held by subsidiaries	-	-	-	-	-	-	3,209,032	3.41%	0.00%
• Treasury shares	1,482,635	0.67%	0.61%	3,705,570	3.38%	3.06%	3,079,722	3.27%	0.00%
Others and Public	106,409,022	48.43%	44.44%	63,611,618	58.01%	53.16%	55,146,692	58.64%	57.34%
TOTAL	**219,700,756**	**100.00%**	**100.00%**	**109,639,581**	**100%**	**100%**	**94,061,439**	**100%**	**100%**

* *Although there is only one class of shares, shares held for ten years in registered form are entitled to double voting rights.*

(1) *Paul Ricard SA is wholly-owned by the Ricard family. The declaration includes 1,326,128 shares, the shares held by Le Delos Invest 1 and 3,281,038 shares, the shares held Delos Invest 2, the two companies are affiliated within the meaning of article L. 233-3 of the French Commercial Code. The declaration also takes into account 2,107 718 shares – stocks held by the affiliate Lirix as defined by article L. 233-3 of the French Commercial Code. On 27 September 2007, Paul Ricard SA, the SNC Le Garlaban, Lirix, Mrs Danièle Ricard, Mr César Giron and Mr François-Xavier Diaz and Mr Rafaël Gonzalez-Gallarza, acting in concert with Kirin International Finance B.V., declared that they had crossed down the threshold of 15% of the share capital on 21 September 2007 and that they jointly held 16,242,258 shares and 25,300,863 voting rights, representing respectively 14.81% of the share capital and 20.92% of the voting rights of Pernod Ricard. On 27 September 2007, Paul Ricard SA, Delos Invest. 1, Lirix, Ms Danièle Ricard, Mr César Giron and Mr François-Xavier Diaz and Mr Rafaël Gonzales-Gallarza declared that, acting in concert with Kirin International Finance B.V., they had crossed up the threshold of 15% of the share capital on 25 September 2007 and that they jointly held 16,470,758 shares and 25,529,363 voting rights, representing 15.02% of the share capital and 21.11% of the voting rights of Pernod Ricard respectively. Please refer to the "Shareholders' agreement" section.*

(2) *Declaration of 8 September 2008.*

(3) *In a letter dated 21 November 2007, Morgan Stanley declared that on 14 November 2007, it had indirectly crossed up the thresholds of 5% of the share capital and of the voting rights and indirectly held 7,176,831 shares representing the same number of voting rights, i.e. 6.54% of the capital and 5.93% of the votes. On 26 November 2007, Morgan Stanley declared that on 19 November 2007 it had indirectly crossed down the thresholds of 5% of the share capital and of the voting rights and indirectly held 5,411,827 shares representing the same number of voting rights, i.e. 4.94% of the capital and 4.47% of the votes.*

(4) *Declaration of 21 August 2007.*

(5) *Declaration of 30 April 2008.*

(6) *Declaration of 6 June 2008.*

(7) *Declaration of 19 June 2008.*

(8) *Declaration of 23 July 2008.*

(9) *Declaration of 26 September 2007.*

(10) *Declaration of 4 October 2007.*

(11) *Declaration of 15 February 2008.*

(12) *Declaration of 28 May 2008.*

(13) *Declaration of 31 July 2008.*

(14) *Declaration of 23 July 2008.*

(15) *Declaration of 2 July 2008.*

None of the shareholders referred to in the above table hold different voting rights in that the provisions of the bylaws in respect of the voting rights apply to all shareholders, including the shareholders referred to in the above table.

At the same date, employees held 2,968,884 shares representing 1.35% of the share capital and 2.00% of voting rights.

Additional information on the shareholders

According to the most recent (31 July 2008) TPI (Identifiable Bearer Share) survey, it is estimated that there are 150,000 Pernod Ricard shareholders.

To Pernod Ricard's knowledge, there is no shareholder with more than 5% of the share capital or voting rights directly or indirectly, which is not included in the table on the Breakdown of share capital and voting rights.

There is no individual or corporate body that exercises directly or indirectly, on its own or jointly, or acting in concert, control over Pernod Ricard's share capital.

To the Company's knowledge, there have not been any significant changes in the breakdown of the Company's share capital during the last three financial years, other than those shown in the table on the Breakdown of share capital and voting rights.

Pernod Ricard is the only Group company listed on the Stock Market (in 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 Market.

Share ownership and stock option plans

Percentages of share capital and voting rights held by the Directors in Pernod Ricard's share capital (at 17 September 2008)

Detailed information is provided in the part of Equity investments and stock options in the management report.

Transactions carried out by Directors with regard to the Pernod Ricard share during the financial year

Detailed information is provided in the part of Equity investments and stock options in the management report.

Stock options granted to/exercised by each Executive Director during the financial year 2007/2008

Detailed information is provided in the part "Table showing stock options granted to/exercised by each Executive Director during the financial year 2007/2008", in Corporate Governance and internal control.

Stock options granted to/exercised by the first ten employees in the Group other than Executive Directors and granted or exercising options during the financial year 2007/2008

Detailed information is provided in the part "Management Report", "Table showing stock options granted to/exercised by Group's first-ten non-executive Director during the financial year", in Corporate Governance and internal control.

Stock market information on Pernod Ricard shares

The Pernod Ricard shares (ISIN: FR 0000120693) are traded on the Eurolist Market (Compartment A) of Euronext Paris SA (deferred settlement service).

STOCK MARKET INFORMATION ON PERNOD RICARD SHARES (SOURCE EURONEXT PARIS S.A.)

Month	Volume* (in thousands)	Capital (in euro million)	Average price* (in euros)	Higher* (in euros)	Lower* (in euros)	Price at end of month* (in euros)
January 2007	32,128	2,362	73.52	81.25	69.09	78.55
February 2007	14,988	1,173	78.27	81.00	75.55	77.80
March 2007	29,852	2,253	75.49	79.30	73.68	75.91
April 2007	16,104	1,235	76.68	78.68	73.88	78.38
May 2007	18,108	1,443	79.70	82.50	77.80	81.65
June 2007	16,334	1,311	80.28	82.41	78.56	81.98
July 2007	18,882	1,519	80.47	83.33	74.87	77.43
August 2007	20,074	1,538	76.60	79.86	74.74	77.27
September 2007	18,862	1,434	76.03	77.30	74.85	76.52
October 2007	19,276	1,484	76.98	78.86	74.76	79.75
November 07	29,154	2,207	75.70	79.69	73.80	75.68
December 07	14,104	1,090	77.28	80.40	74.74	79.05
January 2008	29,418	2,118	71.98	79.97	61.65	71.25
February 2008	18,573	1,300	70.00	74.35	66.96	70.40
March 2008	19,819	1,356	68.44	71.34	64.01	65.16
April 2008	28,145	2,068	73.49	77.40	65.20	74.00
May 2008	15,798	1,147	72.63	74.98	70.02	73.00
June 2008	20,358	1,401	68.83	73.34	63.22	65.25

(*) Historical data was restated in order to account for the share capital increase through the incorporation of reserves and the distribution of bonus shares with effect from 16 January 2007 on the basis of one new share granted for five old shares as well as the halving of the par value of the shares with effect from 15 January 2008.

Other legal information

Special report on the transactions carried out under the share buyback programme corresponding to the description of the own shares buyback programme[1]

Summary of the transactions carried out by the Company on its own shares under the programme authorised by the Combined Shareholders' Meeting of 7 November 2007

SITUATION AT 17 SEPTEMBER 2008

Percentage of direct and indirect treasury shares	0.67%
Number of cancelled shares in the last 24 months	Nil
Number of shares held in portfolio	1,482,635
Portfolio carrying amount	84,046,737
Market value of the portfolio	94,888,640

(1) This paragraph includes the information that should be in the programme's description in application of article 24.-2 of the general regulation of the AMF required in application of the provisions of articles L. 225-209 and L. 225-211 of the French Commercial Code.

Under the programme authorised by the Combined Shareholders' Meeting of 7 November 2007 and until 17 September 2008, the transactions carried out on treasury shares were as follows:

	Total gross flows		Positions on the programme description date			
			Long positions		Short positions	
	Purchases	Sales/ Transfers	Call options purchased	Forward purchases	Call options sold	Forward sales
Number of shares	513,913 securities 1,050,000 calls (American calls) 123,624 calls (repurchase clause)	Sales: 5,955,534 [(a)] Transfer: 438,614 [(b)]	1,848,402 calls "American calls" 5,831,910 calls (repurchase clause)	NONE	NONE	NONE
Average maximum term	NA	NA	08.03.2013 [(c)]	NONE	NONE	NONE
Average transaction price	€71.31 (average price of share purchase) €17.25 (average price of American calls)	€41.94 [(a)] €30.91 [(b)]	NA	NONE	NONE	NONE
Average strike price	€36.56 (average strike price of stock options through the repurchase clause)	NA	€75.50 (American calls) €51.94 calls (repurchase clause)	NONE	NONE	NONE
Amounts	€59,279,673	263,315,415	NA	NONE	NONE	NONE

NA: not applicable

(a) Sale and repurchase agreement, March 2008.

(b) The Company transformed a total of 438,614 following the exercise of stock options granted to employees under the stock options plans set up by the Company.

(c) Stock options with maturity dates:
- *for the stock options under American call: from 15.06.2011 to 11.06.2012;*
- *for the stock options with repurchase agreements: from 28.02.2013 to 08.03.2013.*

The total amount of negotiation fees in 2007/2008 for the transactions carried out under the programme authorised by the Combined Shareholders' Meeting of 7 November 2007, totalled €55,000.

The shares held by the Company were not reallocated for other purposes since the last authorisation granted by the Shareholders' Meeting.

Summary of transactions carried out in accordance with the final goals and objectives of the 2007/2008 repurchase programme

Under the share repurchase programme authorised by the Shareholders' Meeting of 7 November 2007, 513,913 shares were acquired on the stock market between 21 May 2008 and 20 June 2008 at a weighted average cost of €71.31 per share. Furthermore, option coverage was subscribed for 1,050,000 shares through the acquisition of a 4-year American call.

The 513,913 shares acquired on the stock market were assigned to cover the portion of the shares under the stock option plan granted subject to performance conditions (133,015 stock options, with one option granting entitlement to one share) and to be allocated to the reserve for the free share plan (380,898 shares).

The 1,050,000 shares concerned by the option coverage serve as a guarantee for the portion of the shares under the stock option plan that are granted without any performance conditions (1,054,635 options).

Using the authorisations conferred to it by the Extraordinary Shareholders' Meeting of 7 November 2006, the Board of Directors of 18 June 2008 set up a Pernod Ricard stock option plan and a free share plan.

The stock option plan concerns 1,187,650 stock options, in favour of 598 beneficiaries. 133,015 of these stock options were granted subject to performance conditions. The strike price of the stock options, which was established by reference to the average of the listed prices of the Pernod Ricard share during the 20 trading sessions prior to the launch of the plan, was set at €71.50. No discount was applied. Options may be exercised and sales may be made as from 19 June 2012.

The free share plan concerns 380,898 shares allocated to 804 beneficiaries.

New share repurchase programme

As the authorisation granted on 7 November 2007 by the Shareholders' Meeting to the Board of Directors to trade in the Company's shares is due to expire during the course of the year, a resolution will be proposed to the Shareholders' Meeting on 5 November 2008 to give a further authorisation to the Board to trade in the Company's shares at a maximum purchase price set at €125 per share, excluding acquisition costs.

This authorisation would enable the Board of Directors to purchase shares of the Company representing up to 10% of the Company's share capital. In accordance with French 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, given that it already holds 1,482,635 (i.e. 0.67% of the share capital), the maximum number of shares that can be bought will be 20,487,440 shares, (i.e. 9.32% of the share capital) unless it sells or cancels the shares already held.

The purposes of these share repurchases and the uses that may be made of the shares repurchased in this manner are described in detail in the 13th resolution which will be put to the vote of the shareholders. This share repurchase programme would enable the Company to purchase the Company's shares or have them purchased for the purpose of:

- allocating them to employees and/or Directors (allocation of stock options and free 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 making up the share capital);
- delivering shares upon the exercise of rights attaching to securities giving access to the share capital;
- cancelling them;
- stabilising the share price through liquidity agreements.

The purchase, sale, transfer or exchange of the 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 derivatives traded on a regulated market or over-the-counter market or setting up option strategies.

Transactions involving blocks of shares may account for the entire share repurchase programme.

The total amount allocated to the share repurchase programme would be €2,746,037,125, corresponding to a maximum number of 21,968,297 shares purchased on the basis of a maximum unit price of €125, excluding acquisition costs.

This authorisation would cancel, as from the Combined Shareholders' Meeting of 5 November 2008, up to, where applicable, the portion not yet used, any previous authorisation given to the Board of Directors for the purpose of dealing in the Company's shares. It would be given for a period of eighteen months as from the Shareholders' Meeting.

Annual information document

In accordance with the provisions of article 222-7 of the AMF General Regulation, the annual information document set out below refers to all the information published by the Company or made public during the last twelve months, in one or more States that are parties to the Agreement on the European Economic Area or in one or more non-member States, in order to satisfy its legislative or regulatory obligations with regard to financial instruments, and financial instrument markets.

List of information published during the last 12 months	How to consult (Internet link or place of consultation)
Press releases	www.amf-france.org and/or www.pernod-ricard.com
Annual earnings 2006/2007 (20.09.2007)	
Pernod Ricard New-Zealand sells Framingham to Sogrape (28.09.2007)	
Press release detailing the procedures for making available the preparatory documents for the Shareholders' Meeting (19.10.2007)	
Press release detailing the procedures for making the Reference Document available for consultation (22.10.2007)	
Pernod Ricard Italia sells the Italian wine brand Canei to Baarsma Wine Group Holding (23.10.2007)	
Release of Q1 2007/2008 revenues: €1,557 million (30.10.2007)	
Combined Shareholders' Meeting 2006/2007 – Minutes of the Shareholders' Meeting (07.11.2007)	
Pernod Ricard creates a "Prestige Brand Management" chair at HEC (07.01.2008)	
Two-for-one stock split (11.01.2008)	
Release of Q1 2007/2008 revenues: €3,713 million (24.01.08)	
Pernod Ricard Spain announces that an agreement for the sale of Jerez brandies and wines has been signed with Osborne (31.01.2008)	
Pernod Ricard New-Zealand sells Framingham to Sogrape (14.02.08)	
Record business growth and acceleration of the growth of margins in HY1 2007/2008 (28.02.2008)	
Filing of a squeeze-out followed by the delisting of Mumm shares by Pernod Ricard (28.02.2008)	
Pernod Ricard sells part of its treasury shares (11.03.2008)	
Squeeze-out followed by the delisting of Mumm shares by Pernod Ricard: - Note concerning Pernod Ricard and GH Mumm (19.03.2008) - Information concerning, in particular, the legal, financial and accounting characteristics of Pernod Ricard (19.03.08)	
Pernod Ricard acquires Vin&Sprit and becomes co-leader worldwide of the Wines & Spirits industry (31.03.2008)	
Revenues for the first 9 months of 2007/2008: €5,091 million (30.04.08)	
Financial calendar 2008/2009 (11.06.08)	
Payment on 3 July 2008 of an interim dividends of €0.63/share (19.06.2008)	
Annual revenues 2007/2008: €6,589 million (24.07.2008)	
Successful acquisition of Vin&Sprit by Pernod Ricard (24.07.2008)	
Early termination on 1 October 2008 of the V&S brand distribution contract by Future Brands in the United States. Sale of the Cruzan rum brand to Fortune Brands (28.08.2008)	
Agreement between the partners of Maxxium for an early termination on 1 October 2008 of the Vin & Sprit brand distribution contract (03.09.2008)	
Documents published in the French legal gazette (BALO)	www.journal-officiel.gouv.fr
Notice of meeting (Combined Shareholders' Meeting of 07.11.2007) (03.10.2007)	
Annual financial statements prepared on 30 June 2007 before the GM (17.10.2007)	
Notice of meeting (Combined Shareholders' Meeting of 07.11.2007) (22.10.07)	
Release of revenues for 1 July to 30 September 2007 (excluding VAT) (07.11.2007)	
Interim financial statements (12.03.2008)	
Release of revenues for 1 July to 31 March 2008 (excluding VAT) (07.05.08)	

List of information published during the last 12 months	How to consult (Internet link or place of consultation)
Documents filed at the court registry	www.infogreffe.fr
Excerpt of the minutes of the Shareholders' Meeting of 7 November 2007 concerning the appointment of a Director/designation of Ms. Nicole Bouton as Director	
Excerpt of the minutes of the Shareholders' Meeting of 7 November 2007 concerning the updating of the bylaws to comply with the amendments to the decree of 23 March 1967	
Status as at 7 November 2007	
Excerpt of the minutes of the Board of Directors of 7 November 2007 delegating to the Chairman and CEO, the power to recognize the capital increase following the recognition of the exercise of stock options	
Deposit of the annual financial statements at 30 June 2007	
Decision of 10 January 2008 recognising the capital increase	
Status as at 10 January 2008	
Excerpt of the minutes of the Board of Directors of 7 November 2007 delegating to the Chairman and CEO, the power to implement the stock split	
Decision of the Chairman and CEO regarding the implementation of the Pernod Ricard stock split	
Status as at 15 January 2008	
Excerpt of the minutes of the Board of Directors of 23 July 2008 concerning the recognition of the exercise of stock options and the increase of correlative capital	
Status as at 23 July 2008	
Documents made available to the shareholders	Head Office 12, place des États-Unis – 75116 Paris
For the Combined Shareholders' Meeting of 5 November 2008:	
BALO copies of 3 October 2007 and 12 October 2007 containing the Notice of the Meeting	
BALO copy on 22 October 2007 and a copy of « Affiches Parisiennes », a legal announcement newspaper, of 22 October 2007 containing the Notice to meet	
Copy of the Notice to meet documents sent to shareholders as well as all the documents to inform them (D133 and D135)	
Copies and recorded deliveries of registered letters sent to the Statutory Auditors	
Powers of shareholders who were represented by proxies	
Postal vote forms	
Financial statements prepared as of 30 June 2007 (BALO of 17.10.2007)	
Annual report and reference document, year ended as of 30.06.2007	
Statutory Auditors' Reports	
Draft resolutions	
Copy of bylaws	

List of information published during the last 12 months	How to consult (Internet link or place of consultation)
Trading in the Pernod Ricard share	www.amf-france.org and/or www.pernod-ricard.com
Declarations of transactions carried out by Directors and related parties with regard to the Pernod Ricard shares	
28.09.2007 SNC Le Garlaban	
28.09.2007 Le Delos Invest I SA	
05.10.2007 Le Delos Invest I SA	
05.10.2007 Le Delos Invest II SA	
11.10.2007 Le Delos Invest II SA	
30.10.2007 Pierre Pringuet	
21.11.2007 Mr Richard Burrows	
26.11.2007 Mr Pierre Pringuet	
05.12.2007 Mr Pierre Pringuet	
20.12.2007 Mr Pierre Pringuet	
02.01.2008 Mr Pierre Pringuet	
04.03.2008 Mr Richard Burrows	
05.03.2008 Mr Patrick Ricard	
06.05.2008 Mr Richard Burrows	
28.07.2008 Mr Pierre Pringuet	
Declarations of the Company's trading in its own shares	
05.07.2007	
11.03.2008	
From 14.04.2008 to 18.04.2008	
From 21.04.2008 to 25.04.2008	
From 05.05.2008 to 09.05.2008	
From 12.05.2008 to 14.05.2008	
From 19.05.2008 to 23.05.2008	
From 26.05.2008 to 30.05.2008	
From 02.06.2008 to 06.06.2008	
From 09.06.2008 to 13.06.2008	
From 16.06.2008 to 20.06.2008	
From 23.06.2008 to 27.06.2008	
From 07.07.2008 to 11.07.2008	
From 14.07.2008 to 18.07.2008	
From 11.08.2008 to 17.08.2008	
From 01.09.2008 to 05.09.2008	
From 08.09.2008 to 12.09.2008	

Regulated related-party transactions

Transactions with related parties are described in note 24 – *Related parties* of the notes to the Consolidated Financial Statements as well as in note 10 – *Transactions with affiliates or holdings* in the notes to the Parent Company financial statements.

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ADDITIONAL INFORMATION ON THE REFERENCE DOCUMENT

Persons responsible

Names and positions

Person responsible for the reference document:

Mr Patrick Ricard
Chairman and CEO.

Persons responsible for the information:

Mr Francisco de la Vega
Vice-President, Corporate Communication
Tel.: + 33 (0)1 41 00 40 96

Mr Denis Fiévet
Vice-President, Financial Communication and Investor Relations
Tel.: + 33 (0)1 41 00 42 02

12, place des Etats-Unis — 75783 Paris Cedex 16

Declaration by the person responsible for the reference document and the 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 engagement 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 120 and 148.

To my knowledge, the financial statements have been prepared in accordance with 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 the management report gives an accurate picture of developments in the business, financial results and the 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.

Patrick Ricard
Chairman and CEO

Documents available to the public

Corporate documents (financial statements, minutes of Shareholders Meetings, Shareholders 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/en/pages/427/pernod/Finance/Regulatory-information.html.

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.

Reconciliation table

Reference Document

In accordance with Annex 1 to EC Regulation No. 809/2004.

Management report

This reference document contains all elements of the management report as required by articles L. 225-100 *et seq.*, L. 232-1, II and R225-102 *et seq.* of the French Commercial Code.

Information	Pages
Position and activity of the Company during the past financial year	48
Advances made or difficulties encountered	48
Results	48
Research and development activities	16
Forecasted developments in the Company's position and outlook	54
Landmark events that occurred between the balance sheet date and the writing of this document	52 to 53
Body chosen to serve as the Company's General Management (if the Management structure has changed)	21
Objective and exhaustive review of the assets and liabilities, financial position and financial results of the Company (particularly its indebtedness) and non-financial performance indicators (particularly concerning the environment and personnel)	48
Description of the main risks and uncertainties faced by the Company, and notes concerning the Company's use of financial instruments, when the use of such instruments is pertinent to the evaluation of its assets, liabilities, financial position, and profits or losses	59
List of offices or positions held by each of the Directors in all companies	21
Report on employee profit sharing plans (as well as those for senior managers) operations that took place as part of stock options reserved for salaried employees and senior managers, operations that took place as part of a granting of free shares to salaried employees and senior managers	55
Company subsidiary activities	34
Purchase of significant stakes in companies based in France	N/A
Disposal of shares in order to equalize crossed equity interests	N/A
Information related to allocation of share capital	179
Dividends distributed during the last three years	146
Remunerations and advantages of every type for each of the Members of the Board	37 to 40
Changes made to the format of the financial statements	N/A
Injunctions or financial penalties for antitrust practices	59 to 61
Information relating to the Company's taking into account the environmental and social impact of its activities	61 to 63
Information relating to the interest and exchange rate risk, as well as risks tied to changes in stock market price	63
Information required by article L. 225-211 of the French Commercial Code in cases of transactions carried out by the Company with its treasury shares	177
Transactions relating to shares held by managers	58
Table of Company results of the last five years	145
Table and report on the delegations for a share capital increase	174
Information required by article L. 225-100 of the French Commercial Code that may have an impact on a public offer	172

Annual financial report

This reference 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 Regulation.

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

This reference document was filed with the French Financial Markets Authority on 2 October 2008, in accordance with Article 212-13 of its General Regulation. It may be used in support of a financial transaction if it is supplemented by a prospectus approved by the French Financial Markets Authority.

Management reports, consolidated Group financial statements and Statutory Auditors' reports for the years ended 30 June 2007, 30 June 2006 and 30 June 2005.

The following information is incorporated by reference into this reference document:

- Group management report, Group consolidated financial statements and Statutory Auditors' report on the consolidated financial statements for the period ended 30 June 2007 as presented on pages 156 to 173 and 174 to 215 of the reference document filed with the French Financial Markets Authority on 18 October 2007 under number D.07-0921;
- Group management report, Group consolidated financial statements and Statutory Auditors' report on the consolidated financial statements for the period ended 30 June 2006 as presented on pages 155 to 169 and 171 to 220 of the reference document filed with the French Financial Markets Authority on 16 October 2006 under number D.06-0924;
- Group management report, Group consolidated financial statements and Statutory Auditors' report on the consolidated financial statements for the period ended 30 June 2005 as presented on pages 132 to 163 and 166 to 209 of the reference document filed with the French Financial Markets Authority on 10 October 2005 under number D. 05-1207;

The information included in these three reference documents, other than that listed above, if necessary, has been replaced and/or updated as relevant by the information included in this reference document.

Communication department
Pernod Ricard – 12, place des États-Unis – 75116 Paris – France

Pernod Ricard

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Copies of this reference document are available on request at Pernod Ricard
12, place des États-Unis, 75116 Paris – France.

Reference Document designed and produced by: Labrador 00 33 1 53 06 30 80