RÉMY COINTREAU

FINANCIAL REPORT 2004 | 2005

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Report of the Board of Directors to the Combined General meeting
at 28 July 2005

Ladies and Gentlemen,

In accordance with the law and our bylaws, we have called you to this Combined General Meeting, to present to you the report on the operations of your Company for the year ended 31 March 2005 and to submit for your approval the financial statements for this year, and particularly to authorise the issue of marketable securities giving access to capital or giving the right to allocation of debt securities with or without pre-emption rights to subscribe, the purchase or sale by the Company of its own shares, the reduction of capital by cancellation of Treasury shares held by the Company and, finally, the allocation of free shares to employees and certain senior executives.

Financial Report on the Parent Company Financial Statements at 31 March 2005

The loss on ordinary activities before tax was €4.7 million. The improvement of €15.6 million compared with the previous year arose mainly from an increase in dividend income from subsidiaries, net of a writedown of investments.

Services invoiced to subsidiaries amounted to €15.2 million, a reduction of €2.6 million due to the discontinuation of a charge of €4.3 million in respect of the costs of renegotiating part of the financial debt invoiced in 2003/04 to the various Group companies that benefited from these resources.

The charge for royalties on sales increased by €1.7 million, due to a higher rate applied to the production subsidiaries.

Head office costs, net of the transfer of a charge of €3.5 million corresponding to the issue costs of a new loan, amounted to €22.2 million, a reduction of €2.8 million. This reduction, compared with the previous year, can be explained by the costs of renegotiation of the debt of €4.3 million, reinvoiced to subsidiaries, as well as by an increase of €1.5 million in respect of the reclassification of contributions and business expenses to Head Office cost centres which in the past had been borne by the operating divisions.

Dividends received from subsidiaries during the year amounted to €88.4 million compared with €24.5 million in 2004 and €130.5 million in 2003 a year in which a large interim dividend was paid.

A provision for writedown on shares of €52.3 million was made at the end of the year. This was determined on the basis of a valuation test on the brands carried out as part of the year-end closing of the Group's accounts.

This amount was determined based on an impairment test performed as part of the Group's annual closing.

The decline in net **financial charges** amounted to €3.8 million (€33.8 million compared with €37.6 million the previous year). This reflected the positive effect of the renegotiation of the financial debt carried out during the previous year, continuing into this year with the subscription of a new loan note for €200 million at 5.2% for 7 years.

Exceptional expenses of €18.6 million comprised mainly a charge of €15.5 million for regulated provisions (subordinated perpetual loan) and restructuring costs of €4.3 million.

The disposal at the year end of Treasury shares held realised a net capital gain of €1.1 million.

In addition, at the year end, the Company purchased shares in R.F.B.V from Rémy Suisse for €58 million, as part of an internal reclassification of the investment.

The net loss for the year was €23.4 million compared with a loss of €22.6 million the previous year.

Report on consolidated results at 31 March 2005

Key figures and highlights

(€ millions)	31 March 2005	31 March 2004	Total variation	Organic variation (*)
Turnover	**905.3**	**888.3**	**+ 1.9%**	**+ 5.1%**
Operating profit	167.7	173.5	(3.3%)	+ 14.4%
Operating margin %	*18.5%*	*19.5%*	–	*21.3%*
Financial charges	(53.1)	(64.1)	–	–
Share in profit of associated undertakings	8.5	6.9	–	–
Goodwill amortisation	(2.9)	(2.8)	–	–
Net profit on ordinary activities	78.8	74.2	+ 6.2%	–
Net profit	24.2	76.3	–	–
Profit from ordinary activities per share	1.75	1.68	–	–
Earnings per share (**)	**0.54**	**1.72**	–	–
Number of shares ('000)	**45.023**	**44.270**	–	–

(*) Organic performance is determined after restatement of the effects of exchange rates and changes in the Group's structure.

(**) After writedown of certain intangible fixed assets.

Changes in Group structure in the year to 31 March
There has been no significant change since 31 March 2004.

Turnover for 2004/05 amounted to €905.3 million. At constant exchange rates, organic growth was 5.1%. On published data, the growth was 1.9%, affected by the continued fall in the dollar (approximately 8% compared with the average rate of the previous year).

Operating profit was €167.7 million, which included an unfavourable exchange rate movement of €30.9 million mainly related to the appreciation of the euro against the US dollar and a similar movement in the Group's average cover rate.

The 2004/05 financial year pursued the policy adopted for the past two years of increasing sales prices, supported by selective additional marketing expenditure.

Movement in operating profit

(€ millions)	
Exchange rate effect (net of hedging)	(30.9)
Price increases	15.9
Other	9.2
Total	**(5.8)**

On a comparable basis (excluding the exchange rate effect), the growth in operating profit was €25.1 million or 14.4%.

Divisional analysis

Turnover

(€ millions)	2005	2004	Variation Total	Variation Organic growth
Cognac	318.7	317.2	+ 0.5%	+ 6.0%
Liqueurs	161.3	160.6	+ 0.4%	+ 3.0%
Spirits	186.4	184.5	+ 1.0%	+ 1.3%
Champagne & Wines	129.7	125.8	+ 3.1%	+ 4.5%
Third party products	109.2	100.2	+ 9.0%	+ 13.8%
Total	**905.3**	**888.3**	**+ 1.9%**	**+ 5.1%**

Operating profit

(€ millions)	2005	2004	Variation Total	Variation Organic growth
Cognac	99.5	114.3	(12.9)%	+ 10.3%
Margin %	31.2%	36.0%		
Liqueurs	51.5	49.4	+ 4.3%	+ 12.8%
Margin %	31.9%	30.8%		
Spirits	56.0	53.8	+ 4.1%	+ 3.3%
Margin %	30.0%	29.2%		
Champagne & Wines	15.9	15.3	+ 3.9%	+ 16.3%
Margin %	12.3%	12.2%		
Third party products	16.8	15.4	+ 9.1%	+ 13.0%
Margin %	15.4%	15.4%		
Total	**239.7**	**248.2**	**(3.4)%**	**+ 9.8%**
Margin %	26.5%	27.9%		
Distribution and central costs	(72.0)	(74.7)	(3.6)%	(0.7)%
Total	**167.7**	**173.5**	**(3.3)%**	**+ 14.4%**

Organic growth is determined after restating the effect of currency movements and any changes in Group structure.

Cognac

Divisional sales were €318.7 million, an increase of €1.5 million despite the exchange rate effect. At constant exchange rates, the growth was 6%.

Sales of Rémy Martin grew satisfactorily. The combined growth in volume and price led to organic growth in brand sales of 6.1%. The US and China remained very dynamic while the major European markets reported lower levels of growth.

The contribution to operating profit was €99.5 million. The operating margin was 31.2% after a negative exchange rate effect of €26.6 million and additional marketing expenditure on the Rémy Martin brand.

Organic growth in divisional operating profit was 10.3%.

Liqueurs

Divisional sales were €161.3 million for the year representing organic growth of 3%.

Divisional sales of Cognac were driven mainly by the dynamism of the American (Cointreau) and Asian markets (Bols in Japan) while the European markets achieved limited growth.

Against this background, marketing expenditure was targeted at growth markets. This optimisation together with control of divisional expenses facilitated a 4.3% increase in profit to €51.5 million. This represented an operating margin of 31.9% and organic growth of 12.8% in operating profit.

Spirits

Divisional sales were as follows:

(€ millions)	31 March 2005	31 March 2004	% Change
Vodka	70.7	66.3	+ 6.6%
Metaxa	48.5	45.8	+ 5.9%
Rum	21.8	20.8	+ 4.9%
Saint Rémy	18.7	21.0	(11.0%)
Other brands	26.7	29.0	(8.0%)
Sub-total	**186.4**	**182.9**	**+ 1.9%**
Group structure	–	1.65	–
Total	**186.4**	**184.54**	**+ 1.0%**

Spirit sales benefited from a good performance by vodka, Metaxa and rum, with these brands growing satisfactorily in their sales areas. The change in the remainder of the portfolio was due to reductions in the St Rémy range and the transfer to Maxxium of the distribution of Dutch products that had previously been distributed by Rémy Cointreau.

The contribution to operating profit was €56 million, representing organic growth of 3.3% compared with the previous year.

Champagnes and wines

Divisional sales were €129.7 million, a 3.1% increase over the previous year. At constant exchange rates growth was 4.5%.

The **Piper-Heidsieck** and **Charles Heidsieck** brands increased by 7% in value due to good sales growth together with a favourable product mix. This trend reflected the effectiveness of the strategy to create value initiated by the division in 2002.

Operating profit was €15.9 million, a 3.9% growth after inclusion of an unfavourable exchange rate impact of €1.9 million. Restated for this factor, organic sales growth was 16.3%. The operating margin was stable at 12.3%.

Partner brands

Sales of these products grew by 9% and 13.8% excluding the exchange rate effect.
Sales accelerated throughout the year, particularly due to the dynamism of Scotch whiskies (The Famous Grouse and The Macallan) distributed in the US.

The division reported a profit of €16.8 million, a 9.1% increase (13% excluding the exchange rate effect).

Distribution and central costs

These represented the operating costs of the distribution business in the US and Caribbean and in countries where the Group has maintained organisations inherited from the acquisition of Bols (Poland, The Netherlands and Hungary) as well as Head Office central costs.

Compared with the previous year, costs were as follows:

(€ millions)	Distribution	HQ & Central Services	Total
Exchange rate effect	(1.6)	–	(1.6)
Structure effect	(0.6)	–	(0.6)
General overheads	(3.1)	1.7	(1.4)
Provisions and other charges	0.8	0.1	0.9
Net change	(4,5)	1,8	(2,7)

The movement in distribution costs includes mainly the impact of discontinued operations in Columbia (structure effect) and the reorganisation plan for the distribution business in The Netherlands following the transfer to Maxxium of brands that had previously been distributed by Rémy Cointreau.

The growth in Head Office costs related mainly to the reclassification of contributions and business expenses to Head Office cost centres which in the past had been borne by the operating divisions.

Overall, the published **operating margin** was 18.5% a 1 point decline compared with the previous year due to a stable level of marketing expenditure. At constant exchange rates, the operating margin was 21.3%, an increase of 1.8 points reflecting the Group's policy of margin improvement (higher prices and an improved product mix).

Finance costs of €(53.1) million included the following:
– A finance charge of €(57.6) million, a reduction of €6.1 million compared with the previous year, reflecting the decline in interest rates and average debt.
– An exchange gain of €4 million mainly related to an adjustment to the closing rate for provisions denominated in US dollars.

Net profit on ordinary activities after tax was €78.8 million, an increase of 6.2% compared with the previous year due to the following:
– movement in operating profit impacted by the currency effect,
– reduced finance costs,
– lower tax charge as a result of, among others, the reduction in the Polish tax rate, and
– share in profit of associated undertakings of €8.5 million analysed thus:

(€ millions)	**Rémy Cointreau share**
Maxxium	3.4
Dynasty	5.1
	8.5

The non-recurring charge of €54.6 million included €52.3 million in respect of an exceptional writedown of the value of certain brands. This provision for a write-down is supported by the results of an impairment test carried out, together with an independent expert, on the entire Group portfolio on the basis of discounted projected cash flows. Current accounting standards require the recognition of loss in value separately from significant unrecognised gains that exist on other brands.

The balance of the exceptional charge is:
– dilution profit of €13.7 million on the stable market listing of the Dynasty joint venture,
– restructuring charges in France and The Netherlands of €12.5 million, and
– an exceptional tax charge of €2.8 million in respect of the 2.5% tax on reserves for long term capital gains provided by the revised Finance Law for 2004.

After these exceptional charges, **net profit** was €24.2 million compared with €76.3 million the previous year.

Consolidated Balance Sheet and Financial position

The following table sets out key numbers and movements in the financial position.

(€ millions)	31 March 2005	31 March 2004
Fixed assets	**1,169.9**	**1,212.1**
Inventories	831.7	874.0
Other current assets	273.8	272.5
Operating liabilities	(248.3)	(257.7)
Net current assets	857.2	888.8
Deferred taxes net	(6.7)	0.2
Financial debt	(854.7)	(907.3)
Short-term deposits and cash	53.6	68.1
Net financial debt	(801.1)	(839.2)
Subordinated perpetual loan	(38.6)	(61.2)
Financial debt and subordinated perpetual loan	**(839.7)**	**(900.4)**
Provisions for liabilities and charges	(63.0)	(77.1)
Minority interests	(15.9)	(12.5)
Shareholders' equity	(1,101.8)	(1,111.1)
Cash flow		
Operational activities	122.1	99.3
Investing activities	(35.3)	(19.4)
Disposals	18.6	66.1
Co-operatives		(109,3)
Financial activities	(46.6)	(52.7)
Translation adjustment	1.9	5.0
Net movement in debt	**60.7**	**(11.0)**
EBITDA (1)	**195.0**	**199.3**

(1) Operating profit + amortisation and depreciation + dividends received from Maxxium and Dynasty.

Consolidated Balance Sheet

Total assets fell slightly to €2,334 million due to the writedown of certain brands and lower current assets.

Fixed assets, including associate companies, were €1,170 million and represented 50.1% of total assets. Net intangible assets (brands) declined by €45.7 million after the impairment provision. Property, plant and equipment include the disposal of assets during the year (industrial assets in Greece).

Current assets, net of operating liabilities, were €857 million representing a decline of €32 million mainly due to lower inventories.

Net financial debt of the Group, including the subordinated perpetual loan, marketable securities, cash and accrued interest, was €839.7 million, a decline of €60.7 million compared with 31 March 2004.

The Group's ability to repay its debt improved and remains solid with a net financial debt to EBITDA ratio of 4.31 (4.52 at 31 March 2004).

Shareholders' equity amounted to €1,101.8 million.

Minority interests were €15.9 million.
Shareholders' equity and minority interests represent 47.9% of total assets, compared with 46.2% last year.

Movement in financial debt and cash flow

Operating cash flow after debt servicing was an inflow of €122.1 million (€99.3 million the previous year).

The positive charge in working capital requirements contributed €29.8 million to the operating cash flow.

Investment activities were a net outflow of €16.7 million comprising mainly disposals income of €18.6 million and the acquisition of fixed assets of €34.8 million. Major acquisitions during the year related to the Soplica vodka brand, investment in a new logistics platform in Angers and the extension of the ageing cellars in Barbados.

Financing activities were an outflow of €46.6 million which included a payment of €47.9 million in dividends in the year.

(€ millions)	31 March 2005	31 March 2004
Operating activities net	224.8	227.9
Finance charges and taxes	(78.6)	(101.0)
Non-recurring items net	(24.1)	(27.6)
Operating cash flow	**122.1**	**99.3**
Co-operatives	–	(109.3)
Capital expenditure	(26.7)	(20.5)
Acquisition of assets	(8.1)	–
Disposal of assets	18.6	66.1
Other investment flows	(0.5)	1.0
Investment flows	(16.7)	46.6
Equity swap income	–	10.1
Disposal of Treasury shares	8.8	–
OCEANE premium amortisation	(6.7)	(6.7)
Refinancing costs	(3.5)	(14.7)
Dividends paid	(47.9)	(43.9)
New shares issued	4.7	3.1
Movement in interest due	(2.0)	(0.5)
Net movement in financing activities	(46.6)	52.6
Translation adjustment and structure changes	1.9	5.0
Change in net debt	**60.7**	**(11.0)**

Exceptional events and litigation

There is no event or litigation likely to have or to have had recently a significant impact on the financial position of the Group, its operations or results.

Recent developments and significant events that occurred after the year end and prior to the date of the present report

The seasonality of the Group features a weak level of sales in April and May. Sales in these first two months of the year represent less than 10% of the full year sales.

On 7 June 2005, the Company concluded with 17 banks, the refinancing of its syndicated credit of €500 million established in June 2003.

Other than a very significant improvement in the credit conditions (arrangement commission, opening margin and commission for non-utilisation), there is only one financial covenant, which is debt/EBITDA.

Also, the debt profile has improved as the new syndicated credit is repayable in full in June 2010 with an extension option to June 2012, subject to the agreement of the banks. For an average annual use of €300 million, there is a saving in finance costs of €2.2 million.

On 27 June, Rémy Cointreau and its partner Takirra signed agreements with the CEDC group in respect of the disposal of Bols Sp. Zoo, the Polish production and distribution company, for US$270 million. Between 45% and 55%, which has yet to be defined, will be in cash and the balance in CEDC shares with 10% for each of them.

Subject to approval by the Polish competition authorities, this should be finalised by the end of August 2005.

Future prospects

In terms of the nature of its business and the international split of its sales, Rémy Cointreau has a marked sensitivity to medium-term currency fluctuations and to developments in international trade.

The 2005/06 financial year will again suffer from the appreciation of the euro to the extent that it is very unlikely that the euro will fall sufficiently to reach the exchange rate achieved in the previous year of €1 = $1.19. The Group has based its 2005/06 operating plan on the basis of €1 = $1.30.

At the same time, the strong performance of the US market and the recovery in Asia are encouraging signs for growth of the Group's brands. Against this background, the 2005/06 financial year has begun as a year for continuing the development of Rémy Cointreau through:
– the ongoing policy of raising prices and the movement upmarket that began two years ago,
– the launch of further marketing and distribution initiatives, and
– continuing cost control measures and debt reduction.

Rémy Cointreau will continue its strategy of value creation in 2005/06 by capitalising on its premium brands and its strong position in leading world markets, which guarantees profitable growth.

Rémy Cointreau remains confident that it will continue to improve its performance and the place it occupies in an environment of sector consolidation. Rémy Cointreau anticipates double digit organic growth in operating profit, at constant exchange rates.

Research policy

The production units have Research and Development laboratories that work both on content and packaging.

They have excellent equipment and are in regular contact with external research centres and universities.

Expenditure on research & development is written off as incurred by all companies concerned. This represents 16 people and a budget of €1.3 million or 0.14% of turnover.

Civil and environmental impact of operations

The implementation of a pragmatic sustainable development policy continues to demonstrate Rémy Cointreau's commitment to society and the environment in respect of customer satisfaction, preservation of the environment, society's wishes and employee working conditions.

Following the adoption of the Global Compact Charter, the establishment in 2004 of a management group and a Sustainable Development Committee marked a step in the formalisation and structuring of Rémy Cointreau's commitments.

During 2004/05, the first priority was to establish the Sustainable Development policy within Rémy Cointreau by taking steps that were started the previous year, and above all supporting the Sustainable Development Committee in its very real and operational role, with its remit extended to cover risk management, food safety and research.

The second priority was to define the indicators in respect of the six areas covered by the Group's policy:
– wine cultivation,
– supplier relationships,
– Quality/Safety/Environment management of the production sites,
– human resources,
– commercial and marketing ethics, and
– food safety and research.

These indicators will enable us to measure precisely the achievement of our commitments.

The third priority was to better share the importance of Sustainable Development in our business, by having continuous contact with all our stakeholders: our workforce (including those in the distribution channels), the vine growers, all our suppliers and partners, public authorities and consumers in all countries where Rémy Cointreau has a presence.

The six areas of Rémy Cointreau's sustainable development policy

Vine growing:
method of growing that respects the environment

Rémy Cointreau naturally pays continuous and conscientious attention to vine growing. Since the 1990s, the Group has become progressively committed to a policy of responsible wine growing, at the same time launching various experiments designed to reinforce its technical advances and expertise (organic growing, use of natural predators, etc.).

Today, our approach is based on three major areas:
– a sustained commitment to responsible vine growing,
– the preservation of the natural habitat, and
– the sharing of our convictions and principles with our partner vine growers and wine makers,

which is being rapidly enhanced by steps taken to preserve the natural habitat and a sharing of expertise with our partner vine growers, wine makers and also agricultural colleges and associations.

The principle of a three year plan, started in 2004 in Cognac, and to be adopted in Reims in 2005, will enable us to finalise the upgrading of our properties to environmental standards and to progressively acquire the "responsible vine growing" accreditation.

Supplier relationships
Suppliers committed to our corporate and environmental commitments

We have three major objectives:

• respect and enforce respect for our commitments

Since 2003, by signing the Global Compact Charter, Rémy Cointreau has been committed to respecting it and to enforcing respect for it. This approach is part of the ongoing ethical choices Rémy Cointreau has always imposed in the area of the Rights of Man and fundamental working standards.

In October 2004, the general purchasing conditions and supplier contracts were revised to include the principles of the Global Compact Charter.

At the same time, an internal code of behaviour for Rémy Cointreau purchasing was prepared and given to all personnel. This sets out the rules for purchasing procedures, fundamentally linked to Rémy Cointreau's ethical commitments.

• evaluate risks and establish an audit process

Rémy Cointreau has solid and sustainable relationships with a number of service providers, which is part of a desire to share progress.

At the start of 2004, a supplier evaluation questionnaire included questions concerning respect for corporate, environmental and economic commitments undertaken by Rémy Cointreau.

The data gathered is used to rank suppliers, including economic and corporate risks.

• Reduce the use of materials not easily recycled and reduce the weight of packaging

For a number of years, Rémy Cointreau has limited the use of materials not easily recycled. In 2004, a database was finalised which summarised all the necessary information for every product. This enables us to calculate a recycling rate of close to 98% for our leading products.

In addition, Rémy Cointreau continues to be committed to a policy of reduction in the volume and weight of packaging.

Quality/Safety/Environment:
production processes that are totally safe and protect the environment.

The quality of Rémy Cointreau's products is based on a continuous need for production and food safety. This need has always been linked to respect for and preservation of the environment. Our principles and objectives are to:

• economise the use of energy and water,
• reduce waste and rejects,
• guarantee the safety of our sites and risk management, and
• continue the policy of safety and environmental certifications,

confirming the steps taken as part of the sustainable development policy

The QSE committee for France meets quarterly to ensure the exchange of best practices, sharing of lessons, harmonisation of indicators at all sites and monitoring the following:
– management of QSE expenditure, which amounts to over €2.5 million,
– measure and reduce water consumption and effluents,
– measure energy consumption,
– carry out a Carbon audit on the Angers site,

– install sprinklers, fireproof doors and walls, and smoke exits,
– implement a safety management system for the Cognac site,
– implement an environment management programme at the Cognac and Reims sites to obtain ISO 14001 certification,
– renewal of the ISO 14001 certification and obtain OHSAS 18001 certification for the Angers site, and
– evaluation and compliance with HACCP requirements of all production sites.

Ethical marketing:
responsible communication with our customers

Rémy Cointreau's brand communication is always part of responsible communication with its customers, colleagues and marketing partners as well as its worldwide distribution networks.

Two objectives naturally have a place within our sustainable development policy:

• Implement the guide to responsible communication

The responsible communication charter was transformed into an internal operational guide and distributed to all commercial, marketing, communication, production, legal and purchasing managers.

The Committee for responsible communication, comprising 6 people from Rémy Cointreau drawn from marketing, public relations, legal, communications and sustainable development, met on a number of occasions and is assisted by an external researcher who is motivated by our approach. This Committee also certified that the major advertising campaign and support for Rémy Cointreau's brands conformed to the principles of the charter (Rémy Martin, Cointreau, Piper-Heidsieck, etc.).

• Promote responsible consumption

Rémy Cointreau has continued to be involved with the Amsterdam Group (TAG) at a European level, and the Entreprises et Prévention association in France.

Rémy Cointreau also shared its findings with a number of other partners such as IREB (Institut de recherches scientifiques sur les boissons) where it contributed to the funding of a European study on consumption trends among European youths (ESPAD project).

Human resources:
practices that guarantee social equity and the professional development of our colleagues

Rémy Cointreau's human resources policy is based on three major objectives with the sustainable development strategy:

• ensure social equity and encourage corporate dialogue throughout the business

Respect for social equity is at the heart of the human resources policy. Today, framework evaluation and career management is harmonised for all sites and all countries.

The realisation of training plans is one of the indicators monitored as part of sustainable development and these training plans. Together with encouraging internal mobility this promotes the professional development of our colleagues.

The success of Rémy Cointreau's dynamic human resources is based on collective consultation and dialogue, which led, for example, to the completion of an internal satisfaction survey among everyone at Rémy Cointreau.

• spread the culture of responsibility and sustainable development

The annual sustainable development report was widely distributed and all our colleagues now have access to a specific area on Rémy Cointreau's website, regularly updated with, in particular, a section on news on sustainable development.
The internal letter is issued regularly to everyone and contains a page on the corporate and environmental responsibility of Rémy Cointreau.

The QSE department at the sites also provides specific environmental information by way of monthly flashes on "Environment".

In addition, training plans also include concepts developed within the framework of sustainable development with corporate and environmental aspects and training in Hygiene Quality Safety Environment for everyone at the Reims site.

• Support the corporate commitment of employees

To support the involvement of its workforce in the work of the 2nd Chance foundation, Rémy Cointreau decided to create a focal point for the Foundation in Reims, in June 2004.

Rémy Cointreau thus provides, directly and by the involvement of motivated employees, psychological and technical support to people facing schooling and professional difficulties.

Food safety and research

Continuous investment to improve the level of knowledge and guarantee product safety

By including sustainable development in their activities, the Rémy Cointreau laboratories are carrying out the Group's investment in respect of global and sustainable management.

The two principal objectives are:

• ***anticipate requirements in respect of food safety***

The laboratories at Cognac verify the compatibility of products with international regulations and deal with environmental problems.
This enables Rémy Cointreau to guarantee the quality and safety of its products.
Analyses plans are implemented and applied as a result of the review of safety regulations.
Another essential feature of food safety is that the laboratories are involved in the battle against counterfeiting.

• ***commit to research as part of the policy of sustainable development***

For more than ten years, laboratory studies have been undertaken in partnership with the scientific community. After having welcomed DESS students (for example to carry out environmental impact studies on the Cognac vineyards), Rémy Cointreau is today funding a 3rd cycle thesis by a student on wood diseases in the Charentes vineyards.
Every year, visits are organised to our properties for students at regional agricultural colleges.

With all the steps taken within the six areas relating to sustainable development, Rémy Cointreau demonstrates the continuity and the implementation of its corporate and environmental commitments.

Within the main principles of sustainable development, Rémy Cointreau responds to the growing expectations of society at large and the public authorities concerning the impact of its activities.

By being part of a dynamic process of continuous improvement, Rémy Cointreau provides for its own future and that of the world around it.

Rémy Cointreau has not received, at the date of this report, any notification stating that it contravenes any regulation concerning the environment. To its knowledge, Rémy Cointreau is not involved in any administrative or judicial procedure in progress at the date of this report.

The production and sale of Group products is subject, in France and abroad, to regulations specific to alcoholic drinks, particularly in relation to the production, packaging and sales of products. The Group has all the necessary authorisations for all important aspects of its business, and has not encountered any particular constraints likely to affect its business in a significant manner.

At the date of this report, neither Rémy Cointreau, nor any of its subsidiaries has been or is involved in a legal process in respect of liability for defective products that has or is likely to result in an adverse judgment against the Group.

Board of Directors

Since 7 September 2004, the Company has been governed by a Board of Directors. The Board of Directors elected on the same day to split the functions of Chairman of the Board and Chief Executive Officer.

Chairman

Mrs. Dominique Hériard Dubreuil
Date first appointed: 7 September 2004
Date appointment expires: AGM considering the financial statements for the year 2005
Principal appointment outside the Group:
Managing Director of Andromède SAS
Other appointments:
Director of Orpar SA
Chairman of the Board of Directors of VINEXPO OVERSEAS SAS
Director of Vinexpo SAS
Director of Baccarat SA
Appointments within the Rémy Cointreau Group:
Chairman of E. Rémy Martin & C° SAS
Chairman of the Board of Directors of GIE Rémy Cointreau Services
Chairman of Rémy Cointreau Service SAS
Director of Botapol Holding BV
Director of Unipol BV
Supervisory Director of Erven Lucas Bols NV

Director of Rémy Concord Ltd
Director of Rémy Pacifique Ltd
Director of Rémy Finance BV
Chairman of Rémy Cointreau Amérique Inc

Members of the Board of Directors

Mr. François Hériard Dubreuil
Date first appointed: 7 September 2004
Date appointment expires: AGM considering the financial statements for the year 2006
Principal appointment outside the Group:
Chairman and Chief Executive Officer of Orpar SA
Other appointments:
Managing Director of Andromède SAS
Chairman of the Board of Récopart SA
Vice-president and Director of OENEO SA
Chairman of Financière de Nonac SAS
Chairman of Grande Champagne Patrimoine SAS
Director of Dynasty Fine Wines Group LTD
Director of Shanghai Shenma Winery Co LTD

Mr. Marc Hériard Dubreuil
Date first appointed: 7 September 2004
Date appointment expires: AGM considering the financial statements for the year 2007
Principal appointment outside the Group:
Chairman and Chief Executive Officer of OENEO SA
Other appointments:
Managing Director of Andromède S.A.S
Vice-President, deputy manager and director of Orpar SA
Member of the Management Board of Récopart SA
Chairman of LVLF SAS
Manager of SARL Marchadier Investissement
Director of Trinity Concord International LTD
Director of TC Holding Limited

Mr. Pierre Cointreau
Date first appointed: 7 September 2004
Date appointment expires: AGM considering the financial statements for the year 2006
Principal appointment outside the Group:
Member of the Supervisory Board of Récopart SA
Other appointments:
Director of GIE Rémy Cointreau Services
Chairman of Cointreau SASU
Chairman of Izarra SASU

Mr. Patrick Duverger
Date first appointed: 7 September 2004
Date appointment expires: AGM considering the financial statements for the year 2005
Principal appointment outside the Group:
Member of the Supervisory Board of AVIVA France
Other appointments:
Director of AVIVA Participations
Director of Faurecia
Director of Soparexo

Mr. Brian Ivory
Date first appointed: 7 September 2004
Date appointment expires: AGM considering the financial statements for the year 2005
Principal appointment outside the Group:
Director of HBOS plc
Other appointments:
Director of Orpar
Chairman of The Scottish American Investment Company plc
Chairman of National Galleries of Scotland

Mr. Jürgen Reimnitz
Date first appointed: 7 September 2004
Date appointment expires: AGM considering the financial statements for the year 2006
Principal appointment outside the Group:
Member of the Supervisory Board of Air Liquide GmbH (Dusseldorf)
Other appointments:
Member of the supervisory board of Merrill Lynch International Investment Funds (Luxembourg)
Chairman of the Finance Committee of Chambre Internationale du Commerce (ICC), Paris
Vice-President of ICC Germany, Cologne
Director of Bongrain S.A.
Member of the Advisory Committee of Fitch Inc (London, New York)
Member of the Investment Committee of the UN, New York

Mr. Guy Le Bail
Date first appointed: 7 September 2004
Date appointment expires: AGM considering the financial statements for the year 2006
Principal appointment outside the Group:
Director and deputy Managing Director of Orpar SA
Other appointments:
Permanent representative of Orpar to the Supervisory Board of Recopart SA
Director of OENEO SA
Member of the Supervisory Board of Transmed SA
Member of the Supervisory Board of GVG SA
Chairman of Antares SAS
Managing Director of GCP SAS
Manager of SCI Le Boi
Manager of SCI Le Boi d'Antares

Mr. Xavier Bernat
Date first appointed: 7 September 2004
Date appointment expires: AGM considering the financial statements for the year 2005
Principal appointment outside the Group:
Chairman of Chupa Chups SA
Other appointments:
Member of the Advisory Committee of Rabobank (Spain)
Director of Calidalia SA
Advisor of Mc Lane España

Mr. Håkan Mogren
Date first appointed: 7 September 2004
Date appointment expires: AGM considering the financial statements for the year 2007
Principal appointment outside the Company:
Vice-Chairman of ASTRAZENECA plc
Other appointments:
Chairman of Affibody AB
Vice-Chairman of Gambro AB
Director of Norsk Hydro ASA
Director of Danone
Director of Investor AB

Mr. Jean Burelle
Date first appointed: 3 June 2005 (subject to approval by the AGM on 28 July 2005)
Date appointment expires: AGM considering the financial statements for the year 2007
Principal appointment outside the Company:
Chairman and Chief Executive Officer of Burelle SA
Other appointments:
Director of Essilor International and Chairman of the Director Committee
Chairman of Sycovest 1
Director of AFEP
Director of MEDEF International and Chairman of the Mexico Committee
Member of the Executive Committee and Ethics Committee of Medef
Director of Chambre de Commerce Franco-Américaine in Paris
Director of EM Lyon (AESCRA)
Director of the Development Committee of the ASTREE not-for-profit organisation
Director of Harvard Business School Club de France
Director of Association des Amis du Musée Guimet

NUMBER OF INDEPENDENT BOARD DIRECTORS: 5

Mr. Xavier BERNAT
Mr. Jean BURELLE
Mr. Patrick DUVERGER
Mr. Håkan MOGREN
Mr. Jürgen REIMNITZ

The Management Board is regularly informed of the independence of each of its members.

Number of members elected by employees: the company does not have any employee members.

No censor has been nominated.

Number of shares that must be held by each member: 100.

Executive Officer and Executive Committee

On 7 September 2004, the Board of Directors elected to split the positions of Chairman of the Board and Chief Executive Officer in application of Article L. 225-51-1 of the Commercial Code. Jean-Marie Laborde was appointed as Chief Executive Officer on 7 September 2004. He is assisted by an Executive Committee comprising the following members:

– Mr. Hervé Dumesny, Group Finance Director,
– Mr. Jean-François Boueil, Group Human Resources Manager,
– Mr. Jim Chambers, CEO of Rémy Amérique,
– Mr. Christian Liabastre, Strategy and Brand Development Manager,
- Mr. Damien Lafaurie, Operations Manager.

Operation of the Board of Directors and Executive Officer

The Chief Executive Officer reports to the Board of Directors.

The Board of Directors currently comprises 11 members. Board members are appointed for three years. A third, or as close as possible to a third of Board members is renewed annually, so that the whole Board has been renewed at the end of a three year period.

Any member exceeding 85 years of age at the start of a financial year is deemed to have resigned from office effective at the end of the next Annual General Meeting considering the financial statements of the financial year then ended. However, his/her term of office may be renewed from one year to the next, as long as the number of Board members aged more than eighty-five years of age does not exceed one-third of the number of serving members.

Between 7 September 2004 and 31 March 2005, the Board of Directors met four times with 76% attendance.

The members of the Board of Directors are informed, at the time they take up their appointment, of the legal and regulatory provisions in force in respect of Directors trading in the Company's shares.

Directors' remuneration at 31 March 2005

(€)	Duration of office	Fixed remuneration	Variable remuneration including bonus and profit sharing, 2003/2004 FY	Benefits in kind	2003/2004 Directors' fees	Total	% Variable remuneration/ Fixed remuneration
	2004/2005 financial year						
Supervisory Board or Board of Directors							
Dominique Hériard Dubreuil	7 months	123,018*			29,083$**	145,563	
François Hériard Dubreuil	12 months	264,827*	–	–	22,545	287,372	
Marc Hériard Dubreuil	12 months	264,585*	–	–	22,545	287,130	
Pierre Cointreau	12 months	–	–	–	22,545	22,545	
Patrick Duverger	12 months	–	–	–	22,545	22,545	
Brian Ivory	12 months	–	–	–	22,545	22,545	
Jurgen Reimnitz	12 months	–	–	–	22,545	22,545	
Guy Le Bail	12 months	–	–	–	22,545	22,545	
Alain Bodin	12 months	–	–	–	22,545	22,545	
Gérard Epin	12 months	–	–	–	22,545	22,545	
Xavier Bernat	12 months	–	–	–	22,545	22,545	
Håkan Mogren	12 months	–	–	–	22,545	22,545	
Management Board from April to August 2004							
Dominique Hériard Dubreuil	5 months	87,870*	–	–	–	87,870	
Alain Emprin	5 months	132,429	138,188	2,043	–	272,660	46%
Pierre Soussand	5 months	103,875	105,576	1,705	–	211,156	43%
Hubertus van Doorne	4 months	96,652	166,838	178	118,000**	381,668	50%
Chief Executive Officer September 04 to March 05							
Jean Marie Laborde	7 months	298,694	16,667	2,743	–	318,104	
Total		**1,371,950**	**427,269**	**6,669**	**388,540**	**2,194,428**	

* Remuneration received from a company controlling Rémy Cointreau.

** Director's fee paid by a company controlled by Rémy Cointreau.

The members of the Management Board or the Chief Executive Officer benefit:

– from a bonus calculated on their basic fixed salaries, which is a function of quantitative criteria based on Group results and qualitative criteria based on individual performance;

– from an increased level of payment, as do other senior Group staff members, at the time of retirement, as well as the possibility of an additional pension, taken out with an insurance company, that enables them, if they are employed by the business at the time of their retirement, to benefit from an additional pension of a maximum of 11.5% of their final remuneration. This commitment is accounted for within pension commitments.

Analysis of shareholders at 31 March 2005

At 31 March 2005, after the Board of Directors noted the issue during the year of 272,812 shares arising from the exercise of options to subscribe for shares, the share capital amounted to €72,084,257.60 comprising 45,052,661 shares with a nominal value of €1.60 each.

In accordance with Article L.233-13 of the Commercial Code, we disclose the following:

– that Orpar held at 31 March 2005 more than one-third of the share capital and over half the voting rights in your Company;

– that Récopart held at the same date more than 10% of the share capital and the voting rights in your Company, and

– that Arnhold and S. Bleichroeder, LLC held more than 10% of the share capital and over 5% of the voting rights in your Company.

Transactions carried out as part of the repurchase programme authorised by the General Meeting of 7 September 2004

CASH TRANSACTIONS

Date	Intermediary	Purchase (A) Sale (S) Transfer (T)	Number of securities	Including number of securities purchased/sold as part of a liquidity contract	Price of the transaction (€)	Amount (€)	
24 March 2005	–	Sale	602,430 (*)	–	23.24	14,003,036.00	(*) Off-market disposal

DERIVATIVES – TRANSACTIONS DURING THE YEAR AND OUTSTANDING

Date	Intermediary	Purchase (A) Sale (S)	Future purchase option	Maturity	Exercise price (€)	Premium	Organised market/by negotiation
24 March 2005	–	Resolutive clause (**)		28 Feb. 11	27.10	–	–
24 March 2005	–	Resolutive clause (**)		15 Sept. 13	27.67	–	–
24 March 2005	–	Resolutive clause (**)		23 Dec. 14	28.07	–	–
24 March 2005	–	A	Purchase options	23 Dec. 14	28.07	10.25	By negotiation

(**) The resolutive clause relates to a sales contract.

COMMENTARY ON THE RESOLUTIONS SUBMITTED TO THE MEETING

Reallocation of the special reserve for long-term capital gains

Under the previous tax regime, the benefit of the lower tax rate of 19% was subject to the allocation of the net amount of the capital gain to a special reserve for long term capital gains, with every transfer from this reserve giving rise to additional taxation so that distributions would in the end be taxed at the standard rate of income tax.

Article 39 of the revised Finance Law eliminated this requirement to allocate with effect from years starting in 2004, so that the application of the reduced rate is now considered to be an immediate right.

At the same time, up to a limit of €200 million, the amounts recorded in the special reserve for long term capital gains must be transferred before 31 December 2005 to an ordinary reserve. An exceptional tax of 2.5% of the amount of this reserve is payable, subject to an abatement of €500,000.

This is the subject of the second resolution.

Allocation of 2004/05 profit

The Board of Directors notes that the financial statements for the year ended 31 March 2005 disclose:

– A loss of:	€(23,361,831.91)
– Balance brought forward:	€17,940,516.81
– Exceptional reserve:	€78,365,679.50
Total amount distributable:	**€72,944,364.40**

and proposes the following allocation:

– Allocation to the legal reserve:	€43,649.92
– Distribution of a dividend of €1.0 per share:	€45,052,661.00
– Balance carried forward:	€27,848,053.48
Total:	**€72,944,364.40**

The amount paid as dividend to individual shareholders is fully eligible for the 50% allowance provided by Article 158-2, 2nd of the General Tax Code.

In the event of the Company retaining some of its own shares at the time of payment, the amount of unpaid dividends in respect of these shares shall be added to "balance carried forward".

In accordance with the law, it is noted that net dividends during the last three years and related tax credits for shareholders residing in France were as follows:

Year (in €)	2001/2002	2002/2003	2003/2004
Net dividend per share	€0.90	€1.00	€1.00
Tax credit per share	€0.45	€0.50	€0.50

Agreements covered by article L.225-38 of the Commercial Code

The agreements authorised and concluded in prior years and in force during this year as well as agreements authorised during the year have been given to the Statutory Auditors to enable them to prepare their special report. We would ask you to approve their terms and conditions.

Attendance fees

We propose that the attendance fees be set at €269,000, to members of the Board of Directors in respect of 2005/06. This is in line with other French groups of the same size at an international level.

Authorisation to trade in the Company's shares

It is proposed to authorise the Board of Directors, for a maximum period of eighteen months from the date of this Meeting, to purchase shares in the Company, up to 10% of the share capital, representing 3,648,339 shares, calculated by deducting Treasury shares held, shares sold with a repurchase option and call options.

The repurchase programme is designed to achieve the following, in declining order of priority:

- cancel the shares to increase the return on capital and earnings per share, subject to the adoption of the fifteenth resolution;
- stimulate the secondary market or provide liquidity for the Rémy Cointreau share by an investment services provider with a liquidity contract that conforms to the AFEI charter recognised by the *Autorité des Marchés Financiers*;
- cover obligations arising from debt securities giving access to capital;
- allocate the shares subject to the terms and conditions set by law, particularly as part of employee profit sharing, for servicing options to purchase shares, as part of a company savings plan or to grant free shares to employees and executive management within the provisions of Articles L.225-197 and subsequent of the Commercial Code;
- purchase the shares to retain them and use them subsequently in exchange for or as payment for possible acquisitions.

The purchase of these shares, as well as their sale or transfer, may be carried out at any time, including the period of a public offer, subject to periods of abstention provided for in regulations by Article L.631-6 of the general Regulations of the Autorité des Marchés Financiers and other legal or regulatory provisions, and by all means, on or off-market, including block transactions, sale with repurchase options and any financial derivative instrument, particularly options, to the extent that these latter measures do not significantly increase the volatility of the share price. The maximum amount of capital acquired or transferred by block transaction may cover all of an authorised share repurchase programme.

It is proposed to set the maximum purchase price at €50 per share and the minimum sales price at €22 per share. The maximum amount that the Company may be liable to pay is €182,416,950, excluding costs.

Reappointment of four Directors and ratification of the co-option of Mr Jean Burelle

The terms of office of Mme Dominique Hériard Dubreuil and Mr Xavier Bernat, Patrick Duverger and Mr Brian Ivory will expire at the end of your meeting and we request that you reappoint them for a period of three years. Information on these Directors is disclosed in the present Annual Report.

In addition, we request that you ratify the co-option on 3 June 2005, of Mr Jean Burelle. In this case, Mr Burelle will complete the term of office of Mr Gérard Epin who resigned on 7 December 2004.

Mr Jean Burelle, 66 years old, qualified chemist, MBA Harvard, is Chairman and Chief Executive of Burelle SA and a Director of a number of other companies as indicated in the present annual report. He was Chairman and Chief Executive Officer of Compagnie Plastic Ommium for 14 years.

Authorisation to reduce the share capital by cancellation of Treasury shares held by the Company

The resolution, as proposed, is in respect of the possibility that the Board of Directors cancels shares, in accordance with Article L.225-209 of the Commercial Code, which were purchased by the Company under the authorisation to be given by the meeting in the thirteenth resolution or which had been acquired under previous authorisations for the Company to trade in its own shares.

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

This is an annual authorisation that, as a result, renews the twelfth resolution adopted by your General Meeting on 7 September 2004.

Authorisation to issue marketable securities giving access to capital or carrying the right to the allocation of debt securities

The General Meting of Rémy Cointreau on 7 September 2004, in extraordinary session granted the Board of

Directors the authorisation, with pre-emption rights maintained or not, to give your Company recourse to the financial markets by the issue of various kinds of marketable securities.

You are today requested to renew them in order to extend these authorisations to the issue of marketable securities carrying the right to the allocation of debt securities and thus enable the Group to access the financial resources within a short timeframe that it requires for its development, by using the financial instruments best suited to market conditions.

The decree No. 2004-604 of 24 June 2004 now submits all marketable securities giving access to capital or carrying the right to an allocation of debt securities to a single and simplified legal regime. As a result, the special regimes have been abridged to those applicable to bonds with warrants to subscribe for shares, bonds convertible into shares, bonds exchangeable for shares and warrants to subscribe that have the right to subscribe to a capital increase in the future.

In accordance with Articles L.225-129, L.125-129-2 and L.228-92 of the Commercial Code, the Meeting is requested to again grant the Board of Directors for a period of twenty-six months, a general delegation, the subject of the sixteenth and seventeenth resolutions, enabling the issue, with or without pre-emption rights to subscribe for shares (other than preference shares) in the Company, as well as all marketable securities, of whatever nature, giving access immediately and/or in time to capital or debt securities within the nominal ceiling of an increase in capital of €30,000,000.

a) Issue with pre-emption right to subscribe (sixteenth resolution)

Within the overall authorisation, the sixteenth resolution relates to issues with a maintained pre-emption right to subscribe for shares in the Company and all marketable securities giving access to capital or debt securities in Rémy Cointreau.

In the event of an issue of marketable securities giving access in time to capital, by conversion, exchange, repayment, presentation of a warrant a combination of these, or any other manner, your decision implies or carries, depending on the case, the waiver by shareholders to the benefit of the holders of these securities, to the subscription of shares themselves likely to be acquired from securities initially issued, whose subscription will be reserved for shareholders.

The delegation of the Meeting thus confers to the Board of Directors the possibility for a period of twenty six months, to decide to issue, within the limit of a maximum nominal increase in capital of €30,000,000, shares in the Company, as well as all categories of marketable securities giving access to capital.

The total nominal value of the securities that may be issued on the basis of the sixteenth resolution may not exceed €750,000,000.

The amount is common to the nominal value of debt securities that may be created on the basis of the seventeenth resolution submitted to the present meeting.

On these bases, the Meeting is invited to delegate to the Board of Directors, with the facility of sub-delegation in accordance with the law, the widest powers to proceed with the authorised issues, on one or more occasions, on all markets and all currencies if it concerns debt securities, in the best interests of the Company and its shareholders, and particularly to set, as a function of market opportunities at the time concerned, the price, conditions and features of the issues, set the amounts to be issued, determine the terms of issue and the form of marketable securities giving access to capital to be created, set the effective date, even retroactive, of marketable securities giving access to capital to be issued and the terms of their repurchase, proceed with all adjustments required in accordance with law and regulations, possibly suspend the exercise of rights attached to these marketable securities for a fixed period in accordance with law and regulations and, generally, take all steps necessary and conclude all agreements to carry out successfully the issues envisaged, and to note their achievement and to change the bylaws where required by use of the present authorisation, with everything in accordance with the law and regulations in force.

You are also requested to enable the Board of Directors to grant shareholders the reducible right to subscribe and, in every case, if the subscriptions do not absorb the total of the issue, to decide, in the order it determines, and in conditions set by law, to limit it to the subscriptions received or, in full or part, to issue free the securities not subscribed or to offer them to the public in total or in part. You are also requested to enable the Board of Directors to use Treasury shares as substitutes for shares to be issued under the present authorisation.

b) Issues without pre-emption right to subscribe (seventeenth resolution)

The Board of Directors may be led, in the interest of the Company and its shareholders, in order to seize opportunities offered by financial markets in certain circumstances, to proceed with issues without shareholder pre-emption rights.

This exclusion of the pre-emption right is justified by the necessity, in certain circumstances, to reduce the timeframe to facilitate the placing of marketable securities issued, particularly on the international market.

Also, the Board of Directors requests, by a vote for the seventeenth resolution, to authorise the issue, without shareholders pre-emption right, of shares (other than preference shares) in the Company, as well as marketable securities, of whatever nature, giving access to capital provided by the ninth resolution, up to a general ceiling of €30,000,000 and, which is common to both resolutions, for the same period of twenty six months.

This vote, as for the sixteenth resolution, implies or carries, according to the case, also a waiver to the subscription to the shares likely to be acquired on the basis of securities initially issued.

The total nominal value of debt securities that may be issued on the basis of the seventeenth resolution may not exceed €750,000,000 which ceiling is common to that set in the sixteenth resolution.

The issue price of shares or marketable securities giving access to capital easily assimilated to shares or marketable securities giving access to existing capital admitted to trading, will be set in accordance with the law and regulations.

The issue price of other marketable securities will be the sum received immediately by the Company, increased, where appropriate, by that likely to be received later by it, either, for every share issued as a result of the issue of these other marketable securities, or at least equal to the issue price defined in the previous paragraph.

The issue price of marketable securities giving access to debt securities may not be less that the nominal value repayable (excluding interest), possibly reduced by a discount of 10%.

On these bases, the Meeting is invited to delegate to the Board of Directors, with the facility of sub-delegation in accordance with the law, the widest powers to proceed, on one or more occasions, with the issues of debt securities and other marketable securities, and to set the terms of every issue as indicated in the present report concerning the sixteenth resolution. You are also requested to enable the Board of Directors to use Treasury shares as substitutes for shares to be issued under the present authorisation.

The most varied terms of placing are envisaged to reach the widest market.

The Board of Directors requests the authorisation to organise for the benefit of the shareholders, according to circumstances and if they permit it, a non-negotiable priority right, of a minimum period of three stock market trading days, where appropriate reducible, where it will set the terms of exercise. The securities that are not subscribed by virtue of this right will be placed publicly.

You are also requested to delegate to the Board of Directors, the issue with elimination of the pre-emption right to subscribe for shares or marketable securities giving access to capital as consideration for securities transferred in all public offers of exchange initiated by the Company in respect of securities in another company whose shares are admitted to trading on a regulated market covered by Article L.225-148 of the Commercial Code and shares and marketable securities representing a share of the capital of the Company which give a right to marketable securities issued by companies owned more than 50% by Rémy Cointreau, directly or indirectly.

The same ceiling of nominal value of capital increase of €30,000,000 applies to these issues.

At the time of the Meeting, the special report of the Statutory Auditors will be read. This will give their opinion on these authorisations.

In the event of the use by the Board of the sixteenth and/or seventeenth authorisations referred to above and in accordance with Articles 155-2 and 155-3 of the decree of 23 March 1967, the additional reports on the final terms of the transactions will be made available, and then presented to a General Meeting.

You are also requested, to confer all powers on the Board of Directors to change the bylaws made necessary by the use of the present authorisations and to enable it to allocate the costs incurred in the capital increases to the premiums arising from these transactions.

Authorisation to proceed with a capital increase by the issue of shares reserved for members of a business savings plan

Since the law of 19 February 2001, in respect of employee savings, the Extraordinary General Meeting must, at the time of every decision to increase capital, consider a proposed resolution designed to issue shares reserved for employees who are members of a business savings plan (BSP).

This requirement, which has a very general character, is imposed on every company, whether they have a BSP or not and, since the law on financial security of 1 August 2003, for every decision to increase capital in cash, including deferred.

In addition, the law of 9 December 2004 which ratified the decree of 24 June 204 concerning the reform of marketable securities states that where an Extraordinary General Meeting delegates to the Board of Directors the competence to decide on an increase in capital it must also consider a proposed resolution to increase the capital in favour of the employees (Article L.225-129-6 of the Commercial Code). Such an event avoids the need for the calling of an Extraordinary General Meeting to decide on such a resolution every time the Board of Directors decides to increase the capital.

As a result, the Company is subject to this even though it has no employees, and thus no BSP, and also no group BSP. Increases in capital by the issue of shares reserved for members of a BSP will eventually occur within subsidiaries that have employees.

In order to retain the full validity of the various authorisations given to the Board of Directors in order to issue the various marketable securities giving access to capital, we are required to present this resolution resulting from a legal requirement with general application, while requesting, as at the Combined General Meeting of 7 September 2004, to reject this as it cannot apply to our Company.

Authorisation to the Board of Directors to increase the number of securities to be issued in the event of excess demand

The decree of 24 June 2004 inserted into the Commercial Code a new Article L. 225-135-1 which enables an Extraordinary General Meeting to provide that the number of securities may be increased in the event of a capital increase with or without a pre-emption right to subscribe, under certain conditions set by decree from the Conseil d'État.

This latter appeared late, on 10 February 2005. It thus inserted into the decree of 23 March 1967 a new Article 155-4 that states that the number of securities may be issued within thirty days of the closure of the subscription period, are up to 15% of the initial issue and at the same price as that for the initial issue.

The object of the nineteenth resolution is to propose that you authorise the Board of Directors to increase the number of securities to be issued within the framework of the delegations provided by the sixteenth and seventeenth resolutions to the present Meeting.

Authorisation to the Board of Directors to proceed with the issue of shares, securities or various marketable securities by freely fixing their issue price

Article L.225-136 of the Commercial Code states that in the event of an issue with cancellation of the pre-emption right to subscribe, the Extraordinary General Meeting may authorise the Board of Directors, for up to 10% of the share capital per year, to set the issue price in accordance with the terms and conditions it decides.

This authorisation was given by your Meeting of 7 September 2004, but with the application of the previous price rule of ten consecutive stock market trading days taken from the twenty trading days prior to the start of the issue. The twentieth resolution proposed to the vote now includes two rules of a minimum price, at the decision of the Board of Directors, giving the possibility of a maximum discount of 5%, as provided by the decree of 10 February 2005 for the setting of the issue price of marketable securities without a pre-emption right to subscribe, for companies whose capital securities are admitted to trading on a regulated market. In addition, the new Article L.225-129-2 of the Commercial Code requires that such an authorisation must be subject to a specific resolution.

In such a case, your Board of Directors must prepare an additional report, certified by the Statutory Auditors, describing the conditions of the transaction and giving the information required to assess the effective impact on the position of the shareholder.

Authorisation to the Board of Directors to allocated free shares to employees and certain senior executives

Article 83 of the 2005 Finance Law instituted a new mechanism for the granting of free shares to employees and certain senior executives which came into force on 1 January 2005. The executives concerned by the law are, in this matter the Chairman of the Board of Directors, the Chief Executive Officer and, where appropriate, the Executive Officer(s).

This provision, which is substantially based on the current regime for the allocation of options to subscribe for or purchase shares, with which it co-exists, is designed to relaunch employee shareholding.

In accordance with the twenty first resolution presented for vote, the allocation of shares to beneficiaries will become final at the end of a minimal period of acquisition of two years. The minimum period accepted for the retention of shares will also be two years.
The number if shares thus allocated may not exceed 2% of the share capital on the day of their allocation by the Board of Directors. The timeframe during which the authorisation may be used by the Board of Directors will be thirty eight months with effect from today.

Every year, the Annual General Meeting will be informed in a special report prepared by the Board, of shares allocated.

* * * *

You are invited to approve by voting for these resolutions as proposed.

The Board of Directors

Dear Shareholders,

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

(ARTICLE L. 225-37 OF THE COMMERCIAL CODE)

In compliance with Article L. 225-37 of the Commercial Code, we report to you within this document on:
– conditions of preparation and organisation of the duties of your Board of Directors,
– internal control procedures established by the Company, and
– limitations your Board of Directors has imposed on the powers of the Chief Executive Officer.

CONDITIONS OF PREPARATION AND ORGANISATION OF THE DUTIES OF YOUR BOARD OF DIRECTORS

Internal regulations

At the meeting on 7 September 2004, the Board of Directors elected to organise directors' information in such a way that all directors, either family members or independent, have access to the same information. On this occasion, the Board reasserted that it is the sole authority with decision making powers on matters that have not been delegated to the Chief Executive Officer.

In compliance with these principles, at a meeting on 8 December 2004, the Board elected to set out clearly its internal rules and its relationship with Executive Management.

The majority of this report comprises clauses on the Board's internal regulations.

Composition of the Board

At least 30% of the Board of Directors should comprise, if possible, independent members.

It should be noted that Rémy Cointreau's Board of Directors comprises 11 members. A list of all Board Members, as well as their other appointments can be found above.

All Board members have profound and multi-disciplinary experience of the business world and international markets. An evaluation on them was made throughout the year as they participated in Board and Committee meetings.

The choice of independent members is subject to preliminary recommendations from the "Nomination – Remuneration" Committee.

The Board of Directors is regularly updated on the independence of the members. The criteria selected in this respect is reviewed at least once a year. Generally, a Director is considered independent when he/she does not have a relationship of any kind with the Company, the Group or its management that may affect his/her freedom of judgment.

Transparency rules

On appointment, Directors are given the Guide published by the French Financial Market Authority (AMF) which is aimed at directors of a listed company. It details their personal obligations with respect to holding Company shares.

Directors must hold their shares under nominative form or deposit the shares issued by the Company, its subsidiaries, the company of which it is a subsidiary or other subsidiaries of the Company, and shares which are owned by the directors themselves, by spouses from whom they are not physically separated or by minors.

Each Director must hold a minimum of 100 shares.

The Company communicates with the AMF and publicises, through press releases, transactions in financial instruments carried out and disclosed by its management, on an individual and nominative basis, within five trading days following receipt of disclosure of these transactions.

In addition to Board members and the Chief Executive Officer, this rule applies to all individuals or private entities related to them according to applicable regulations.

Finally, Directors must make themselves aware of periods when they must not trade in the Company's shares and of their general obligations under applicable regulations.

Directors must inform the Board of Directors, as soon as they are made aware of any conflict of interest or potential conflict of interest and abstain from taking part in deliberations and corresponding votes. In the case of a permanent conflict of interest, the Director must resign.

Frequency of meetings

It should be recalled that the Extraordinary General Meeting of 7 September 2004 decided to modify the method of management of the Company with the creation of a Board of Directors. In the year just ended, the former Supervisory Board met twice, on 8 June and 6 July 2004.

During these meetings, the Management Board informed the Supervisory Board of the Parent Company's and consolidated financial statements for the 2003/04 accounting period, as well as the varied reports presented to the Annual General Meeting of 7 September 2004, the Management Board's quarterly reports on the Group's performance, the 2004/05 budget, the plans modifying the method of management of the Company by the creation of a Board of Directors, and bylaws enforcing various legislation and regulatory texts.

Article 17-1 of the bylaws provides that the Board of Directors meet as often as required in the interests of the Company.

Thus, the Board of Directors has met four times since its creation.

The principal points on the agenda were as follows, and the meetings considered:

- 7 September 2004:
  - appointment of the Chairman of the Board of Directors;
  - notice of rotation of term of office of the Members of the Board of Directors;
  - appointment of a Managing Director; powers; remuneration.

- 8 December 2004:
  - examination and decree of the Interim Consolidated Financial Statements at 30 September 2004; examination and decree of forecast management accounts;
  - share purchase option plans favouring directors or Group employees;
  - examination and adoption of internal regulation of the Board of Directors.

- 17 January 2005:
  - introduction of Dynasty Fine Wines Group Limited to the Hong Kong Stock Exchange: authorisation of guarantees given by the Rémy Cointreau Group.

- 3 March 2005:
  - strategic options of the three year plan;
  - obligatory payment of €200 million at 5.20%, maturity 2012;
  - processes for the transfer of Treasury shares and the purchase of an optional hedge for share purchase option plans.

Notification of meetings to Board Members

The schedule of Board meetings for the next year was agreed among the Directors at the meeting of the Board of Directors in September. The members of the Board are then called to each meeting by letter, approximately 15 days in advance. They may also be informed by telegram, fax, electronic mail or even verbally.

The statutory Auditors are called to meetings of the Board of Directors to consider the half-year and full year financial statements.

Directors' fees

The total amount of Directors' fees proposed to a vote by the shareholders was subject to a prior study of the practices adopted by French groups of a similar scale and international dimension to Rémy Cointreau.

Directors' fees are allocated by the Board of Directors on the following bases:

- a fixed share defined on an annual basis;
- a variable share commensurate with each Directors' attendance at Board meetings, as well as committees;
- a fixed share may also be allocated to the Chairman of the Board and to Committee Chairmen.

Board of Directors member information

All necessary documents and information for the Board members are made available to them between 10-15 days before the Board meetings and their various committees.

For Board meetings, documents and information are subject to a major financial and commercial analysis that comprises, in a very detailed manner, all corporate data that provides a profound understanding by Board members of the operations, results and prospects for the Rémy Cointreau Group.

Preliminary and regular information for Directors is fundamental to them in the performance of their duties. Therefore, the Chairman of the Board of Directors verifies that the Executive Management provides, continuously and without limits, all strategic and financial information necessary for them to perform their duties under the best possible conditions.

On the basis of information provided, Directors can request any explanation or information they deem necessary.

Apart from Board meetings, Directors regularly receive all significant information relating to the Company and the Group, in particular monthly operating reports compared with budget, and are warned of any event or development that may have a significant impact on operations or on information previously communicated to the Board.

They are specifically sent press releases published by the Company as well as key press articles and financial analysis reports.

Directors may meet main Group managers without the Executive Management being present, on condition that they have made such a request to the Chairman of the Board of Directors who will then inform the Executive Management.

Location of meetings

The meetings of the Board of Directors take place in Paris, at the administrative head office, or in Cognac at the Company's registered office. However, the Board may hold a meeting in another location, in France or in another country, at the Chairman's request.

Pursuant to Article L. 225-37 of the Commercial Code, Article 17-5 of the bylaws and Article 2 of internal regulations, the meetings of the Board of Directors may be held by videoconference.

Participating by videoconference is forbidden in respect of the following decisions:

– nominating, removing from office or determining the remuneration of the Chairman of the Board and the Chief Executive Officer,
– approval of the Parent Company Statements and Consolidated Financial Statements, as well as Company and Group management reports.

In the event that the Chairman of the Board notes that the videoconferencing system does not operate properly, the Board may deliberate and/or carry on with the meeting with those members who are in attendance, as long as quorum conditions are fulfilled.

Any technical incident affecting the meeting shall be noted in the minutes of the meeting, including breakdown and restoration of videoconferencing participation.

A Director participating in a meeting through videoconferencing, who would not be deemed present due to equipment malfunction, may grant power of attorney to a Director attending the meeting after informing the Chairman of the Board. This Director may also grant power of attorney before the meeting by specifying that this would solely become effective in the event of a videoconferencing system malfunction that would prevent him being deemed present.

Subject to informing the Chairman of the Board in advance, a Director may also take part in a Board meeting by conference call, in which case he/she cannot be deemed present in assessing the required quorum and majority.

During the financial year, only the meeting of 17 January 2005 made use of videoconferencing facilities. In addition, three Directors were present and three other Directors took part in the meeting by conference call.

Committees established within the Board of Directors

Four committees established within the Board of Directors.

The Board defines their composition and function. Each committee must include at least one independent director. The Board nominates one member of each committee as Chairman.

These committees are established to study and prepare certain considerations and formulate recommendations or advice to the Board. Their general objective is to improve the relevance of information provided to the Board and the quality of deliberations. In no way are they a substitute for the Board of Directors.

Within the framework of their functions, these committees may interview Group executives and statutory auditors after having informed the Chairman of the Board. The Board may grant committees one or several functions, on the request of these committees. Committee members' remuneration would then be established by the Board. Committees report their findings to the Board.

Committees do not interact directly with Executive Committee members, but one of the members of the Executive Committee attends committee meetings relevant to his/her function. He/she then prepares all documents necessary for the committee to perform its duties. The Audit & Finance Committee may request interviews with statutory auditors without the attendance of an executive management member.

The Chairman of the Board and the Chief Executive Officer (unless matters are of personal concern to him), may attend all committee meetings.

• Audit & Finance Committee

This committee met twice, on 3 June and 1 December 2004 with 100% attendance. Its work was carried out in the presence of the Statutory Auditors and Group Financial Controller, when the following was discussed:

- review of the annual financial statements at 31/03/2004;
- review of the half-year financial statements at 30/09/2004;
- valuation and monitoring of intangible fixed assets,
- valuation of inventory;
- off balance sheet commitments;
- adoption of the IFRS accounting standards;
- Group financial and tax policy;
- review of the annual budget and of the medium-term plan;
- internal control procedures;
- internal audit plan;
- exchange rate and interest rate risk management policy.

• Development and Marketing Strategy Committee

This committee combines the previous Development Strategy and Marketing Strategy committees. It met three times, on 7 and 8 June 2004 and on 3 March 2005, with 100% attendance, to discuss the following:

- review of the Group's major strategic options, by individual market;
- review of the marketing and strategic objectives, and the role to be played by each brand in meeting these objectives;
- review of advertising and promotion budgets at Group level and the choice of financial investments in markets with the greatest development potential;
- review of innovative strategies for leading brands and related investments;
- analysis of the growth prospects of various product categories in the major spirits markets.

• Ethics, Environment and Sustainable Development Committee

This committee was created on 3 March 2005 and met for the first time on 29 April 2005 with 66% attendance. It discussed the following:

- review of applicable charters within the Group and control of their publication and application;
- information on training designed to accompany the publication of the Group's charters;
- annual communication by various Group companies of precise reports on the implementation of Group charters.

• Nomination and Remuneration Committee

This committee met three times, on 29 April, 3 June and 7 December 2004, with 100% attendance, to discuss the following:

- consideration of nominations to the Management Board;
- interview of candidates to the position of Chief Executive Officer;
- review of tools to optimise the motivation and remuneration of executive and senior management;
- remuneration of the Chief Executive Officer;
- bonus systems used for staff;
- review of the Group's share options policy;
- review of supplementary pension plans.

Each committee reports its findings to the Board of Directors.

Approval of agreements by the Supervisory Board, then by the Management Board

During the year just ended, the Supervisory Board took the following decisions:

- approval by Rémy Cointreau of the disposal by CLS Rémy Cointreau of 10 shares of GIE Rémy Cointreau Services;
- approval of the disposal by Rémy Cointreau of one share of CLS Rémy Cointreau to E. Rémy Martin et Co.

On 8 June 2004, the Supervisory Board also renewed for one year the prior authorisation of up to €46 million in respect of sureties, pledges and guarantees.

During the financial year just ended, the Board approved the signing of the treasury agreement between Orpar and Rémy Cointreau. On 29 April 2005, it also approved the change in the royalty rates and assistance that Rémy Cointreau charges its manufacturing subsidiaries.

Minutes of the Meetings

Minutes of Board meetings were prepared at the end of every meeting and issued in draft form to the members at the time of the next meeting during which they were approved.

Internal control procedures

Definition of internal control

Internal control is a process established by Executive Management, as well as the framework and personnel in every Group entity that aims to provide reasonable assurance of achieving the following objectives:

- Operational efficiency;

– Reliability and accuracy of accounting and financial information; and
– Conformity in accordance with existing laws and regulations.

The Group has established internal controls with a twofold purpose: to ensure its own internal control and to provide a co-ordinating role and impetus within the internal control of the various entities within the Group.

Every system of internal control has its own limitations that are inherent in all established procedures and within the constraints of resources that all businesses must take into account. The system established can only provide reasonable assurance and not an absolute guarantee as to the achievement of Group objectives.

Internal control process

The players

The principal players involved in internal control are mainly:

• Board of Directors and Executive Management

The Board defines, on the proposal of the Chief Executive Officer, the strategic, economic and financial orientations of the Group's operations and monitors their implementation.

• The Audit and Finance Committee

The Audit and Finance Committee established within the Board is extremely vigilant with respect to procedures and good practices that guarantee the reliability of financial information, its transmission to higher decision levels and its processing. This Committee also ensures that the annual audit programme does indeed cover the main risks identified by the Group.

• Executive Committee

The Executive Committee comprises operating and functional managers under the authority of the Chief Executive Officer. It co-ordinates the implementation of the Group's strategic objectives, ensures their prioritisation within the operating units and principal functions and, where necessary, their adaptation to changes in the business environment.

This management system provides efficient planning and co-ordination of internal control procedures.

• Functional and Operational Managers

Functional and operational managers propose action plans to meet the objectives set by the Management Committee and to establish working practices that are efficient and effective for the major operating processes. Within this framework, they ensure that steps are taken to reduce the probability of a major risk occuring and, where appropriate, to limit its consequences.

• Control Management

Each entity has a Finance Manager and a team of Financial Analysts. They are responsible for the financial control of transactions carried out within the various entities in a manner that prevents and controls variances from objectives defined at the start of the year, as well as the risk of errors or fraud in the accounting and financial domain They have a functional link to Group Financial Management.

• Internal Audit Management

Internal Audit operates across the Group as well as in the distribution network and, where appropriate, in third parties in the event of subcontracting, both in distribution and production.
The team's duties are clearly defined in a charter.

Their assignments are planned following approval by the Executive Committee and the Audit & Finance Committee. They make up the annual audit programme. They are prepared as a function of specific risks, related to a specific operation, on the basis of discussions with operating managers, with the intention of assisting the achievement of general objectives set by the Executive Committee.
Audit assignments may be financial or operational. The addition of an expert to the audit team may be necessary where required by the technical nature of the assignment or where language and different attitudes are major elements in ensuring the success of the assignment.

Internal Audit within the financial management department reports to the Executive Committee, the management of the unit concerned and, where appropriate, to the management of the shared distribution network. This task culminates in a report which summarises the audit conclusions, the action plan of the company concerned as well as recommendations detailed by process. The reports are subject to prior cross-examination.

Follow-up of fulfilment of recommendations and implementation of action plans issued by companies is the responsibility of the internal audit department. It is assisted by the Executive Committee and the management of audited entities.

Each year, the internal audit department presents a summary of the completion of the audit programme and the main findings of its assignments to the Audit & Finance Committee.

• **Statutory Auditors and External Auditors**

The Statutory Auditors - selected for their ability to provide a full and global coverage of Group risks and for their expertise - complete the Group's Internal Control procedures as external auditors. Their half-year audits as well as their interim audits relate to specific matters and provide the Group with reasonable assurance of the reliability and accuracy of the accounting and financial information produced.

Procedures

In addition to this organisation, the Group has delegated responsibility that defines the position of senior executive management. The procedures to request and approve commitments and payments exist in all Group units and this strengthens internal control.

Production standards have been defined and operating procedures have been established and followed as part of the ISO 9000/2000 and ISO 14001 certifications, thus guaranteeing consumers a high level of quality and safety while respecting the environment at the Group's major production sites.

The Purchase Conduct Code establishes good practice rules to be followed by all buyers in the Rémy Cointreau Group and prevents excesses that would have damaging effects on the Group's interests.

As part of its insurance coverage, policies have been taken out by the Group to provide complete cover for certain risks incurred by all the companies concerned.

The Group has all the rules and methods to produce reliable financial information. The uniqueness of definitions and the principles for evaluating and processing accounting and financial data for three budget processes, budget updating and year-ends ensures comparability of data. The annual timetable for accounting and financial processes that details the dates for submission of information and its distribution enables managers to deal with priorities. The availability of this set of rules on the Group's intranet should guarantee accurate updating and an assurance that all financial personnel possess the same information.

The use of Hyperion software by all Group entities improves the reliability and security of the production process of accounting and financial information. The Group also has a support team that updates the parameters of Hyperion financial statements.

Treasury transactions

Treasury transactions (exchange and rates) as well as Group funding are managed centrally by Treasury Management reporting to the Group Financial Manager. This department comprises seven people including four managers, each an expert in his own area. In accordance with the rules of good management, the department is split into two sections reporting to the Group Treasurer, the front office to deal with market transactions and the back office to account for these transactions and to report to the Executive Management. The department has high quality software, which is currently being upgraded to deal with IFRS requirements.
The policy of managing market risks as well as the funding policy are prepared jointly by the Group Treasurer and the Financial Manager and then submitted to the Executive Committee for approval.

Internal control process in respect of the preparation and processing of accounting and financial information

Internal control procedures established for the preparation and processing of financial and accounting information have the following objectives:
– adherence to accounting regulations and the correct application of Group principles;
– quality of the reporting and its central processing by the Group; and
– controls over the production of financial, accounting and management data.

Organisation

A number of departments are involved in the production of the Group's consolidated accounting and financial information:
– Accounting and consolidation departments,
– Management control,
– Information systems,
– Treasury,
– Legal services, and
– Tax department.

These departments must ensure that the various Group entities are fully up to date with legislation, recommendations issued by the Autorité des Marchés Financiers and Group internal procedures that exist at every closing, as well as their correct treatment. They participate in the validation of data restated in accordance with Group accounting principles and in the analysis of such data.
In addition, financial committees are organised and led by the Group to bring together the financial managers of Group companies. These committees participate in the

creation and maintenance of a financial culture within the Group, act as a conduit for its financial policy and deal with the standards and procedures to be applied, corrective action to be taken and internal control in respect of accounting and financial data.

Closing procedures and statutory consolidation

Rémy Cointreau prepares consolidated data on a monthly basis. The degree of precision in the monthly consolidation is the same as that required for the half-yearly and annual consolidations, with the exception of certain information – particularly the analyses – included in the notes to the financial statements, which are not required from the subsidiaries.

In respect of the consolidation process, the Group issues instructions highlighting the key dates on the timetable as well as the points that require the specific attention of the companies' financial managers.

Monthly closing preceding the half-year or year-end acts as a pre-closing to identify and anticipate the treatment of particular and non-recurring transactions, such as restructuring and reorganisation. All companies included in the consolidation report data that has already been restated (in accordance with internal accounting principles) to the Group.

The Group organises regular meetings with the Statutory Auditors to prepare a review of the closing and to anticipate the treatment of complex transactions.

The Audit & Finance Committee, within the Board of Directors, prepares recommendations for the latter on financial policy and internal control. It meets at least twice a year to request the Statutory Auditors to present their summary of the half-year and year-end closing and to provide further useful information on the completion of their assignment. This committee also conducts specific reviews of particular topics in respect of accounting and financial policy.

Planning process and budgetary control

The strategic planning and budgetary control process is part of internal control. This process includes the preparation of a medium term plan, a budget and three updates per year.

The principles and restatements of forecasted data are the same as those used for closing. Hyperion is also used for reporting purposes, consolidation and the central restatement of forecasted data.

Conclusion

The Group will continue its approach of ongoing improvement in the quality and the documentation of its internal control system designed to evaluate over time the adequacy and effectiveness of its internal control.

Limitations on the powers of the Chief Executive Officer

On 7 September 2005, the Board elected to split the positions of Chairman of the Board and Executive Officer. Therefore, Executive Management is under the responsibility of the latter.

The Chief Executive Officer represents the Company in relationships with third parties. He has been entrusted with the most wide-ranging powers to act in any circumstances in the name of the Company, on condition that his actions comply with the objects of the Company and that they are not specifically assigned to shareholders' meetings or to the Board of Directors.

In a purely internal measure, which cannot be imposed on third parties, the Executive Officer shall seek the approval of the Board before committing the Company to transactions that go beyond the framework of normal management decisions, partiularly in respect of:

– granting sureties, pledges and guarantees, except in the conditions provided below;

– making acquisitions, transferring property titles or exchanging goods or property and making investments of more than €10,000,000 per transaction;

– concluding any investment or business agreement in common with other companies, be they French or foreign;

– granting to any already registered company a contribution in cash, in kind, in property or in enjoyment in excess of €10,000,000 per transaction;

– making the Company a party to any economic grouping, in France or abroad, by means of creation or by assisting their creation, by subscribing or contributing cash or benefits in kind, by purchasing shares, rights of ownership or other securities, and generally, under any form and for an amount in excess of €10,000,000;

– transferring ownership of investments for amounts in excess of €10,000,000 per transaction;

– granting loans, credit and advance payments to corporate bodies outside the Rémy Cointreau Group for an amount in excess of €10,000,000 per borrower; and

– signing any loan or obtaining credit facilities, with or without pledges or other securities on Group assets, for an amount in excess of €46,000,000 during one financial year.

In addition, the Board of Directors has authorised for one year the Chief Executive Officer to grant sureties, pledges and guarantees up to an overall maximum amount of €46,000,000. Any commitment exceeding this overall limit requires specific approval from the Board.

The Board of Directors also authorised the Chief Executive Officer to grant sureties, pledges and guarantees to the tax and customs authorities without limitations.

The Chief Executive Officer has established an Executive Committee whose composition was submitted for approval by the Board. The task of this Executive Committee is to continuously assist the Chief Executive Officer with operational matters, both in terms of decision-making and implementation. It currently comprises five operational managers.

Report of the Statutory Auditors on the report of the Chairman of the Board of Directors year ended 31 March 2005

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

Statutory auditors' report, prepared in accordance with article L.225-235 of the French Company Law (Code de Commerce), on the report prepared by the Chairman of the Board of Directors of Rémy Cointreau, on the internal control procedures relating to the preparation and processing of financial and accounting information.

To the Shareholders,

In our capacity as statutory auditors of Rémy Cointreau, and in accordance with article L.225-235 of the French Company Law (Code de Commerce), we report to you on the report prepared by the Chairman of your Company in accordance with article L.225-37 of the French Company Law (Code de Commerce) for the year ended 31 March, 2005.

It is for the Chairman to give an account, in her report, notably of the conditions in which the duties of the Board of Directors are prepared and organised and the internal control procedures in place within the Company.

It is our responsibility to report to you our observations on the information set out in the Chairman's report on the internal control procedures relating to the preparation and processing of financial and accounting information.

We performed our procedures in accordance with professional guidelines applicable in France. These require us to perform procedures to assess the fairness of the information set out in the Chairman's report on the internal control procedures relating to the preparation and processing of financial and accounting information. These procedures notably consisted of:

• obtaining an understanding of the objectives and general organisation of internal control, as well as the internal control procedures relating to the preparation and processing of financial and accounting information, as set out in the Chairman's report;

• obtaining an understanding of the work performed to support the information given in the report.

On the basis of these procedures, we have no matters to report in connection with the information given on the internal control procedures relating to the preparation and processing of financial and accounting information, contained in the Chairman of the Board's report, prepared in accordance with article L.225-37 of the French Company Law (Code de Commerce).

Neuilly-sur-Seine and Paris, June 22, 2005

The Statutory Auditors

Barbier Frinault & Autres
Ernst & Young
Richard Olivier

Auditeurs et Conseils Associés SA
Member of Nexia International
François Mahé

Options granted to members of governance bodies and executive management relating to Rémy Cointreau's share capital

In accordance with the provisions of Article L225-184 of the Commercial Code amended by Law 2001-420 of 15 May 2001 in respect of the new economic regulations, we inform you that the Directors were granted the following options to purchase shares in Rémy Cointreau during the 2004/05 financial year:

Options granted during the year to directors

Beneficiaries	Company granting the option	Date of plan	Number of options	Price (€)	Expiry date of plan
Jean-Marie Laborde	Rémy Cointreau	24/12/2004	40,000	28.07	23/12/2014

Plan of 24 December 2004:

(Expiry date: 23 December 2014. Subscription option price: €28.07)
The major features of the share subscription option plans are disclosed in this document.
Share capital and voting rights held by members of the Board of Directors at 8 December 2004 are reported in this document.

Options exercised during the year by directors

Beneficiaries	Company granting the option	Date of plan	Number of options	Price (€)	Average exercise price (€)
François Hériard Dubreuil	Rémy Cointreau	07/12/1999	10,000	16.36	30.86
François Hériard Dubreuil	Rémy Cointreau	28/04/1999	10,000	12.20	26.00
Marc Hériard Dubreuil	Rémy Cointreau	07/12/1999	10,000	16.36	30.86
Marc Hériard Dubreuil	Rémy Cointreau	28/04/1999	10,000	12.20	26.00
Guy Le Bail	Rémy Cointreau	25/03/1998	10,000	13.55	31.05
Hubertus van Doorne	Rémy Cointreau	07/12/1999	15,000	16.36	30.00
Hubertus van Doorne	Rémy Cointreau	28/04/1999	10,000	12.20	29.90

Options granted during the year to the ten highest paid Group employees that are not directors, where the number of options is the greatest

Company granting the option	Date of plan	Number of options	Price (€)	Expiry date of the plan
Rémy Cointreau	24/12/2004	137,000	28.07	23/12/2014

Options exercised during the year by the ten Group employees that are not directors, where they exercised the greatest number of options

Company granting the option	Date of plan	Number of options	Price (€)	Average price (€)
Rémy Cointreau	25/03/1998	12,350	13.55	30.60
Rémy Cointreau	28/10/1998	4,666	13.55	29.94
Rémy Cointreau	28/04/1999	22,800	12.20	28.28
Rémy Cointreau	07/12/1999	15,549	16.36	29.05
Rémy Cointreau	01/03/2001	51,000	27.10	31.23

Rémy Cointreau SA had no employees for the year 2004/2005.
Transactions carried out in accordance with Articles L.225-177 to L.225-186 of the Commercial Code are reported in a table in the notes to the Consolidated Financial Statements (note 27).

The Board of Directors

Summary of delegations in force that were given to the Board of Directors to increase the share capital

Description	Date of General Meeting	Amount of authorisation	Validity	Use of delegation during the year
Allocation of option to subscribe for or purchase shares	7 September 2004	3% of share capital	38 months	Only the allocation of options to purchase
Increase in capital by incorporation of reserves, profits or premiums	7 September 2004	€70,000,000	26 months	Nil
Issue in securities giving access to capital with a maintained pre-emption right to subscribe	7 September 2004	€30,000,000 (Overall nominal amount for these authorisations)	26 months	Nil
Issue in securities giving access to capital with cancellation of pre-emption rights to subscribe	7 September 2004		26 months	Nil
Increase in capital as consideration for transfers in kind	7 September 2004	limited to 10% of share capital	26 months	Nil

Consolidated financial statements at 31 March 2005

Consolidated balance sheet
at 31 March 2005
(€ millions)

ASSETS

	2005	2004	2003
Intangible fixed assets (note 3)	**923.4**	**969.1**	**972.2**
Tangible fixed assets (note 4)	**133.3**	**142.8**	**151.8**
Investments in equity accounted companies (note 5)	89.4	78.3	83.7
Non-consolidated investments (note 6.1)	5.5	5.2	6.6
Other financial assets (note 6.2)	18.3	16.7	15.7
Financial assets	113.2	100.2	106.0
Total fixed assets	**1,169.9**	**1,212.1**	**1,230.0**
Inventories (note 7)	831.7	874.0	775.4
Trade notes and accounts receivable (note 8.1)	181.7	184.6	213.9
Other receivables (note 8.2)	92.1	87.9	131.0
Deferred tax (note 22)	4.8	6.7	3.2
Short-term deposits and cash	53.6	68.1	18.7
Total current assets	**1,163.9**	**1,221.3**	**1,142.2**
Total assets	**2,333.8**	**2,433.4**	**2,372.2**

EQUITY AND LIABILITIES

	2005	2004	2003
Share capital (note 9)	72.1	71.6	71.3
Share issue and merger premiums	630.7	626.4	623.6
Consolidated reserves	407.7	366.7	309.1
Translation adjustment	(32.9)	(29.9)	(19.1)
Group share of net profit	24.2	76.3	101.5
Shareholders' equity	**1,101.8**	**1,111.1**	**1,086,4**
Minority interests	**15.9**	**12.5**	**8.4**
Subordinated perpetual notes (note 10)	**38.6**	**61.2**	**82.1**
Convertible bonds (note 11)	**336.0**	**329.4**	**325.6**
Provisions for liabilities and charges (note 13)	63.0	77.1	76.0
Deferred tax (note 22)	11.5	6.5	4.0
Provisions and other long-term liabilities	**74.5**	**83.6**	**80.0**
Medium and long-term debt (note 12)	392.6	399.3	333.5
Short-term debt	120.3	174.4	163.1
Interest accrued	5.8	4.2	3.8
Financial debt	**518.7**	**577.9**	**500.4**
Trade notes and accounts payable (note 14.1)	111.4	133.5	139.7
Other operating liabilities (note 14.2)	136.9	124.2	149.6
Operating Liabilities	**248.3**	**257.7**	**289.3**
Total shareholders' equity and liabilities	**2,333.8**	**2,433.4**	**2,372.2**

Notes 1 to 29 form an integral part of the consolidated financial statements.

Consolidated income statement
for the year ended 31 March 2005

(€ millions)	2005	2004	2003
Sales (notes 15 and 16)	905.3	888.3	1,000.2
Cost of sales	(410.6)	(385.4)	(441.1)
Gross margin	**494.7**	**502.9**	**559.1**
Marketing expenses (note 17)	(243.6)	(247.8)	(260.7)
Administrative expenses (note 17)	(83.4)	(81.6)	(84.6)
Operating profit	**167.7**	**173.5**	**213.8**
Net financial income (expenses) (note 20)	(53.1)	(64.1)	(66.7)
Profit on ordinary activities before tax	**114.6**	**109.4**	**147.1**
Tax on ordinary activities (note 22)	(38.3)	(38.3)	(50.5)
Share of profit on ordinary activities of equity accounted companies (note 5)	8.5	6.9	9.0
Net profit before goodwill amortisation	**84.8**	**78.0**	**105.6**
Goodwill amortisation	(2.9)	(2.8)	(2.8)
Net profit before minority interests	**81.9**	**75.2**	**102.8**
Minority interests	(3.1)	(1.0)	0.1
Net profit on ordinary activities	**78.8**	**74.2**	**102.9**
Exceptional income (expenses) after tax (note 21)	(54.6)	2.1	(1.4)
Net profit	**24.2**	**76.3**	**101.5**
Basic earnings per share (weighted average, €)			
Earnings per share on ordinary activities	**1.78**	**1.69**	**2.34**
Earnings per share	**0.55**	**1.73**	**2.30**
Shares outstanding - weighted average	**44,217,016**	**44,012,695**	**44,004,859**
Basic earnings per share (period end, €)			
Earnings per share on ordinary activities	**1.75**	**1.68**	**2.34**
Earnings per share	**0.54**	**1.72**	**2.30**
Shares outstanding - period end	**45,022,661**	**44,269,864**	**44,069,956**
Diluted earnings per share (€)			
Earnings per share on ordinary activities	**1.68**	**1.61**	**2.15**
Earnings per share	**0.66**	**1.65**	**2.12**
Number of shares (note 9.2.)	**53,654,856**	**53,476,898**	**53,561,627**

Notes 1 to 29 form an integral part of the consolidated financial statements.

Statement of changes in consolidated shareholders' equity

for the year ended 31 March 2005 (€ millions)

	Number of shares	Share capital	Share premium	Cumulative translation adjustments	Reserves	Own shares	Total
Shareholders' equity at 31 March 2002	**43,949,741**	**71.1**	**622.0**	**5.2**	**359.2**	**(10.5)**	**1,047.0**
Capital increase	120,215	0.2	1.6	–	–	–	1.8
Dividends	–	–	–	–	(39.6)	–	(39.6)
Cumulative translation adjustments	–	–	–	(24.3)	–	–	(24.3)
Net profit for 2003	–	–	–	–	101.5	–	101.5
Shareholders' equity at 31 March 2003	**44,069,956**	**71.3**	**623.6**	**(19.1)**	**421.1**	**(10.5)**	**1,086.4**
Capital increase	199,908	0.3	2.8	–	–	–	3.1
Dividends	–	–	–	–	(43.9)	–	(43.9)
Cumulative translation adjustments	–	–	–	(10.8)	–	–	(10.8)
Net profit for 2004	–	–	–	–	76.3	–	76.3
Shareholders' equity at 31 March 2004	**44,269,864**	**71.6**	**626.4**	**(29.9)**	**453.5**	**(10.5)**	**1,111.1**
Capital increase	272,812	0.5	4.3	–	–	–	4.8
Treasury shares	479,985	–	–	–	(1.1)	9.9	8.8
Dividends	–	–	–	–	(44.1)	–	(44.1)
Cumulative translation adjustments	–	–	–	(3.0)	–	–	(3.0)
Net profit for 2005	–	–	–	–	24.2	–	24.2
Shareholders' equity at 31 March 2005	**45,022,661**	**72.1**	**630.7**	**(32.9)**	**432.5**	**(0.6)**	**1,101.8**

Notes 1 to 29 form an integral part of the consolidated financial statements.

Consolidated cash flow statement

for the year ended 31 March 2005

(€ millions)	2005	2004	2003
Operating activities			
Operating profit	167.7	173.5	213.8
Operating depreciation, amortisation and provisions	19.5	20.4	20.3
Dividends received from equity accounted companies	7.8	5.4	5.1
	195.0	199.3	239.2
Change in working capital requirements (note 28)	29.8	28.6	(51.1)
Proceeds from (payments for) financial items	(44.3)	(54.1)	(54.3)
Proceeds from (payments for) taxation	(34.3)	(46.9)	(53.1)
Proceeds from (payments for) exceptional items	(24.1)	(27.6)	(17.8)
Net cash flow from operating activities	**122.1**	**99.3**	**62.9**
Investing activities			
Purchase of fixed assets:			
- tangible and intangible fixed assets	(34.8)	(20.5)	(28.7)
- financial assets			(2.3)
Proceeds from fixed asset disposals:			
- tangible and intangible fixed assets	18.6	18.4	12.5
- financial assets	(0.5)	64.2	2.6
Proceeds from (purchase of) other investments			(50.3)
Net cash flow from investing activities	**(16.7)**	**62.1**	**(66.2)**
Financing activities			
Capital increase	4.8	3.1	1.8
Movement in debt	(82.7)	(69.9)	41.5
Movement in own shares	8.8		
Dividends paid to parent company shareholders	(44.1)	(43.9)	(39.6)
Dividends paid to minority shareholders of subsidiaries	(3.8)		
Refinancing payments	(3.5)	(14.7)	
Gain on equity swap		10.1	
Impact on net cash of changes in the consolidation scope	0.1	3.4	(1.1)
Impact on net cash of changes in exchange rates	0.5	(0.1)	(1.9)
Net cash flow from financing activities	**(119.9)**	**(112.0)**	**0.7**
Increase (decrease) in cash and cash equivalents	**(14.5)**	**49.4**	**(2.6)**
Opening cash and cash equivalents	**68.1**	**18.7**	**21.3**
Closing cash and cash equivalents	**53.6**	**68.1**	**18.7**

Notes 1 to 29 form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2005

1. Accounting principles

The financial year of Rémy Cointreau runs from 1 April to 31 March. By convention, each financial year is indicated by the calendar year of the year end date.
The consolidated financial statements of Rémy Cointreau have been prepared in accordance with French law and French Accounting Regulatory Commission (CRC) standard 99-02.

1.1. Consolidation methods

Significant subsidiaries in which Rémy Cointreau controls, directly or indirectly, more than 50% of the voting rights, or over which it exercises effective management control, even when no capital link exists (special purpose entities), are fully consolidated in the consolidated financial statements.

Since 1 April 2003, Rémy Cointreau has consolidated as special purpose entities two brandy ageing co-operatives (Prochacoop and Champaco, which have since become Alliance Fine Champagne) in which the Group has no capital stake but whose inventories are used almost exclusively in the preparation of Rémy Martin cognacs. These entities are fully consolidated, with minority interests of 100%.

Companies over which Rémy Cointreau exercises significant influence are accounted for using the equity method. Significant influence is deemed to exist when the Group holds between 20% and 50% of the voting rights. In the event that the percentage held is less than 20%, the equity method is used only when significant influence can be demonstrated. In the event that the percentage held is over 50%, the equity method is used for companies over which the Group does not have exclusive control.

The financial statements of the companies included in the consolidation, which have been prepared in accordance with the rules prevailing in each of the countries concerned, are restated prior to their consolidation to ensure compliance with the Group's accounting principles.

All significant transactions between the companies included in the consolidation as well as intra-Group income items have been eliminated.

1.2. Translation of financial statements and transactions denominated in foreign currencies

The balance sheets of foreign subsidiaries are translated into euros using the prevailing exchange rate on the balance sheet date. The income statements are translated at the average exchange rate for the year. Resulting translation gains and losses are reported in shareholders' equity until the sale or liquidation of the subsidiaries concerned.

Transactions performed in foreign currencies are recorded using the exchange rate in force on the transaction date. Assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Any resulting gains and losses are recognised in the income statement.

1.3. Goodwill

Goodwill corresponds to the difference between the purchase price of the shares and the total value of the assets and liabilities identified on the acquisition date.

The opening value of the identifiable components of the assets and liabilities of the newly-consolidated company is measured at its value in use to the Group and may be reviewed during the financial year following the acquisition.

Positive goodwill is recognised as a fixed asset and is amortised on a straight-line basis over a period that reflects, as reasonably as possible, the assumptions used and the objectives set at the time of acquisition.

Negative goodwill is recognised in the income statement according to a schedule that reflects the objectives and prospects as defined at the time of acquisition.

At each balance sheet date, the Group assesses whether any evidence exists suggesting that the value of goodwill could have been impaired.

Up to 31 March 2000, goodwill on first consolidation, corresponding to the difference between the purchase price of the shares and the total valuation of the identified assets and liabilities of the subsidiaries concerned (restated in accordance with Group consolidation rules) on or near the date on which the stake was acquired, was allocated, as far as possible, to the assets and liabilities of the companies concerned (brands, distribution rights and inventories).

1.4. Brands and other intangible fixed assets

This item consists mainly of the value attributed to brands arising from the allocation of goodwill on first consolidation.

Brands are not amortised once they have trademark protection, when they enable profits to be generated in excess of those from similar unbranded products and are deemed to have an unlimited useful life.

At each balance sheet date, the Group performs valuation tests in respect of its brands. These tests involve comparing the book value of brands and their current value, this being the higher of the value in use and market value. During the year ended 31 March 2005, Rémy Cointreau used the services of an independent firm to supplement its own valuation methods. The primary method used to estimate value in use is based on the discounted value of future cash flows (excluding financial charges but after tax) generated by the use of each brand. The cash flows are estimated based on medium-term plans validated by management. The terminal value is determined by applying a growth rate to infinity. The discount rates used vary by brand and include a specific risk premium for each activity. At 31 March 2005, the assumptions used were as follows:

– discount rates ranging from 7.0% to 10.2%,
– growth rates to infinity ranging from 0% to 4% depending on each case.

When recent transactions have taken place on similar assets, the multiples involved are used to determine their market value.

When the annual valuation test reveals that the current value is less than the net book value and that this impairment in value is deemed to be permanent, an impairment loss is recognised in the income statement

1.5. Tangible fixed assets

Tangible fixed assets are carried in the balance sheet at historical cost including, where appropriate, fair value adjustments on first consolidation. They are depreciated on a straight-line basis over their estimated useful lives as follows:

– Buildings	20 to 50 years
– Plant, equipment and tools	5 to 10 years
– Other tangible fixed assets	5 to 10 years

Only one Group subsidiary makes significant use of finance leases, which concern its fleet of trade vehicles. These leases are restated in the consolidated financial statements.

1.6. Investments in equity accounted companies, goodwill and gains on transfers

As part of the creation of the distribution joint venture Maxxium BV on 1 August 1999, Rémy Cointreau made a €29.1 million capital gain on transferred assets. This gain was deducted from the carrying value of the investment in Maxxium BV and is being amortised over 20 years.

For its part, Maxxium BV recognised, at the time of its creation and of subsequent operations, goodwill that is being amortised over 20 years. The annual amortisation charge is included in the income statement of Rémy Cointreau to the extent of its share of the joint venture.

The amortisation of the goodwill of Maxxium BV and of the capital gain on transfer constitutes the total net charge reported under “Goodwill amortisation” in the consolidated income statement.

1.7. Non-consolidated investments

Non-consolidated investments are recorded at their historical cost net of appropriate provisions, as required, to mark them to their fair value.

Fair value is determined based on several criteria, which include net assets, unrealised capital gains and future profit potential.

1.8. Deferred tax

The Group accounts for deferred taxation using the liability method, by applying the legal tax rate prevailing at the balance sheet date.

Restatement of the financial statements of individual companies included in the consolidation to ensure their compliance with Group accounting principles or to eliminate the impact of tax-related regulations (principally the elimination of provisions for price increases) creates differences between the taxable profit and the accounting profit before taxation. These differences give rise to the recognition of deferred tax assets and liabilities in the balance sheet. Differences between accounting and tax valuations of assets and liabilities also give rise to the recognition of deferred tax.

A provision is raised for tax credits on tax losses when their utilisation, in the short term, against future taxable profits is unlikely.

No provision is made for any taxes payable by the Group in respect of dividends from foreign subsidiaries, except when the decision to pay a dividend has been taken by the balance sheet date of the consolidated financial statements. These taxes on dividends are recognised in the year in which they are paid.

Deferred tax assets and liabilities, as well as current tax assets and liabilities, are offset within each tax group.

1.9. Inventories

Inventories are stated at the lower of weighted average cost and net realisable value. Cost of inventories does not include financial charges incurred during the ageing period.

Where applicable, the value of inventories includes adjustments for goodwill. These adjustments are recognised in cost of goods sold as and when the corresponding inventories are used.

1.10. Borrowings and financial debt

Borrowing issue costs and trading charges on syndicated loans are recorded in "Other receivables" and are amortised on a straight-line basis over the term of the related contracts. The charge is recorded in "Financial expenses". In the cash flow statement, the charges paid are included in cash flows from financing activities.

The OCEANE redemption premium is amortised on a straight-line basis over the term of the loan. The accumulated amortisation is included with the nominal value of the loan under "Convertible bonds".

Accrued interest is now included with the corresponding nominal values. Previously, it was recorded in "Other operating liabilities" in order to facilitate the calculation of certain banking covenants from which it is excluded.

1.11. Pensions and other personnel-related commitments

In accordance with the law and practices in each country, Rémy Cointreau participates in staff benefit plans providing pensions and other post-employment benefits, through defined contribution and defined benefit plans. The assets of pre-financed pension plans are managed as separate funds by independent asset managers or insurance companies.

Charges relating to defined contribution plans are expensed on a payments basis.

Commitments under defined benefit plans concern:
- commitments relating to the pension fund of Bols in the Netherlands,
- commitments under the Group's pension plan in Germany and Barbados,
- retirement gratuities and long-service awards due in France under collective agreements,
- other commitments for retirement gratuities and supplementary defined benefit pension plans granted by the Group.

The commitments in respect of each defined benefit plan are determined by actuaries using the "Projected Unit Credit" method. These calculations are based on assumptions covering life expectancy, staff rotation and projected salary increases. They take into account the economic situation in each country. The discount rates used are the government interest rates with a maturity similar to that of the liability being assessed.

For the post-employment plans, the Group amortises actuarial gains and losses, which correspond to differences between actual events and the assumptions used, and the impact of revised assumptions.

In respect of the post-employment plans, the actuarial gains and losses are recognised as an income or charge when the cumulative total of unrecognised actuarial gains or losses exceeds, for each plan, 10% of the maximum between the actuarial liability and the fair value of the plan's assets at the start of the year. This share of the gains or losses is recognised as a profit or a charge over the expected average remaining length of service of the plan's beneficiaries.

In accordance with French National Accounting Council (CNC) recommendation 2003-R.01, provisions were raised against long-service awards for the first time in 2004. The impact on the opening financial statements was recorded as an exceptional item.

Certain Group companies have early retirement plans, which are accounted for as restructuring provisions.

Certain commitments relating to partially pre-financed plans were included in the financial statements for the first time in 2004. The impact on the financial statements was determined by applying Group principles, particularly with respect to the accounting of past services as a cost.

In accordance with the recommendation of the CNC emergency committee of 21 January 2004, the impact on commitments in respect of retirement gratuity plans arising from the application of the Fillon act has been accounted for as a cost of past services.

Commitments relating to post-employment healthcare plans were measured for the first time at 31 March 2005 and are included in off-balance sheet commitments (note 24).

1.12. Financial instruments

The Group hedges its foreign exchange and interest rate risks mainly through the use of financial instruments such as forward sales of foreign currencies, foreign exchange options, interest rate swaps and FRAs.

The accounting and valuation methods used for these hedging financial instruments comply with generally accepted practices.

Foreign exchange contracts are revalued at the closing exchange rate. Any profits or losses are recognised in the income statement (as income or expenses), or are deferred if qualified as anticipatory hedges of transactions of the following year.

Translation differences arising between use of the average accounting exchange rate for the period and the value of the hedged transaction reported in operating income are allocated to the gross margin.

Gains and losses on interest rate instruments are recorded in “Net financial income”, on a pro rata basis over the life of the contracts.

During the year, Rémy Cointreau also subscribed to options on Rémy Cointreau shares for the purpose of covering the stock options granted to certain employees (note 9).

1.13. Revenue recognition

Sales are recognised on the basis of transfer of ownership, which generally occurs at the time the goods are delivered. Sales are stated net of alcohol duties and sales taxes, and exclude activities that are peripheral to the marketing of Wines and Spirits brands. Net profit from these activities (subcontracting, distribution of alcohol-free products, etc.) is recorded as a reduction in marketing expenses.

1.14. Own shares

Rémy Cointreau has a share buyback programme, which was authorised by a General Meeting.

Rémy Cointreau shares acquired to stabilise the share price are reported as "Cash and cash equivalents". In all other cases, own shares acquired are deducted from shareholders’ equity (Note 9).

To ensure the coverage of stock options granted to certain employees or to limit the dilution effect in the case of subscription options, Rémy Cointreau may acquire options on its own shares.

1.15. Earnings per share

Basic earnings per share are calculated based on:

– the weighted average number, during the year, of shares outstanding and of own shares held that are deducted from shareholders’ equity.

– the number of shares outstanding at the year end after deducting own shares held that are deducted from shareholders’ equity.

Diluted earnings per share are calculated based on the number of shares outstanding at the year end, including the potential dilution from the convertible bonds, the OCEANE issue and the exercise of stock options, net of any options acquired to cover these plans (Note 9). Net profit is restated to take account of the reduction in financial charges after tax that would result from the conversion of the bonds and the issue of new shares.

2. Consolidation scope

A list of the companies included in the consolidation is provided in Note 29.

The only material transaction during the year concerned Dynasty, an equity accounted company.

In January 2005, Dynasty Fine Wines Group Ltd was floated on the Hong Kong stock exchange. As part of this operation, Rémy Pacifique contributed its 33% stake in Sino French Dynasty Winery, receiving in exchange shares in the newly-listed company. On completion of this operation, the Group’s stake in Dynasty Fine Wines Group Ltd was 23.86%. This operation generated a dilution gain of €13.7 million, which is recorded in “Exceptional income”.

On 28 February 2005, the Prochacoop and Champaco co-operatives were merged into a new cooperative called Alliance Fine Champagne. This operation had no impact on the 2005 financial statements.

3. Brands and other intangible fixed assets

3.1. Breakdown by type:

Brands mainly comprise Rémy Martin, Cointreau, Piper-Heidsieck, Heidsieck, Charles Heidsieck, Piper Sonoma, Galliano, Mount Gay, Bols, Metaxa and Pisang Ambon.

(€ millions)	Gross	2005 Amort. writedowns	2005 Net	2004 Net	2003 Net
Brands	960.1	(52.6)	907.5	952.4	954.1
Distribution rights	15.3	(7.7)	7.6	7.7	8.1
Other intangible assets [1]	19.3	(11.0)	8.3	9.0	10.0
Total	**994.7**	**(71.3)**	**923.4**	**969.1**	**972.2**

[1] Software licences and leasehold rights.

The Rémy Martin and Cointreau brands are only reflected in the consolidated balance sheet to the extent of the value arising from the fair value adjustment following the purchase of minority interests.

All other brands were included in the consolidated balance sheet at their identified values at the time of the acquisitions made by the Group (Note 1.3).

As explained in Note 1.4, the brands are not amortised but are subject to annual impairment tests.

At 31 March 2005, a permanent impairment in value of €52.3 million was recorded in respect of the value of certain brands.

3.2. Changes in net intangible fixed assets:

(€ millions)	Total
31 March 2004	**969.1**
Acquisitions	8.8
Improvement	(52.3)
Amortisation	(2.6)
Translation adjustment	0.4
31 March 2005	**923.4**

Acquisitions during the year include €8.1 million for the Soplica brand (vodka).

4. Tangible fixed assets

4.1. Breakdown by type:

(€ millions)	Gross	2005 Amort. Impairment	2005 Net	2004 Net	2003 Net
Land	42.7	(1.8)	40.9	54.2	56.6
Buildings	119.6	(74.2)	45.4	41.3	43.9
Other	128.8	(86.9)	41.9	43.0	42.3
In progress	5.2	(0.1)	5.1	4.3	9.0
Total	**296.3**	**(163.0)**	**133.3**	**142.8**	**151.8**

4.2. Changes in net tangible fixed assets:

(€ millions)	Total
31 March 2004	**142.8**
Acquisitions	26.1
Disposals (net value)	(16.6)
Depreciation	(19.1)
Translation adjustment	0.1
31 March 2005	**133.3**

Acquisitions include €6.2 million for the construction of a logistics centre in Angers and €2.4 million for new ageing warehouses in Barbados. The balance consists mainly of ongoing renewals of industrial facilities.

Disposals include mainly the sale of an industrial site in Greece (land and installations).

5. Investments in equity accounted companies

5.1. Investments in equity accounted companies represent holdings in companies that meet the criteria set out in Note 1.1.

(€ millions)	Maxxium	Dynasty	Avandis	Total
At 31 March 2003	**61.8**	**18.3**	**3.6**	**83.7**
Dividends paid (1)	(2.8)	(2.6)		(5.4)
Profit for the period	1.8	5.1		6.9
Goodwill amortisation	(2.8)			(2.8)
Other (2)	(1.2)			(1.2)
Translation adjustment	(0.8)	(2.1)		(2.9)
At 31 March 2004	**56.0**	**18.7**	**3.6**	**78.3**
Dividends paid (1)	(3.2)	(4.6)		(7.8)
Profit for the period	3.4	5.1		8.5
Goodwill amortisation	(2.9)			(2.9)
Dilution gain (3)		13.7		13.7
Translation adjustment	0.4	(0.8)		(0.4)
At 31 March 2005	**53.7**	**32.1**	**3.6**	**89.4**

(1) For Maxxium B.V., the dividend is drawn from the transfer premium.

(2) Reclassification of the item "Other operating liabilities".

(3) Dilution gain relating to the flotation of Dynasty Fine Wines Group Ltd (Note 2).

In accordance with Note 1.6., goodwill amortisation represents the net amount of the share of Rémy Cointreau in the Maxxium B.V. goodwill amortisation (2005: charge of €4.4 million; 2004: charge of €4.3 million) and the amortisation of the gain on transferred assets (2005: income of €1.5 million; 2004: income of €1.5 million).

5.2. Maxxium BV

- The Maxxium B.V. distribution joint venture was set up on 1 August 1999 via a strategic distribution agreement between Rémy Cointreau S.A., Highland Distillers and Jim Beam Brands, and joined by the Swedish company Vin & Sprit (Absolut Vodka) in May 2001.
- The joint venture, which has its registered office in the Netherlands, covers the entire world, with the principal exceptions of the US, the Caribbean, Poland, Hungary and the duty-free market in Germany, where Rémy Cointreau continues to control 100% of its distribution channel.
- Maxxium has a financial year end of 30 June. The key figures presented below correspond to the reference period of Rémy Cointreau, i.e. the year to 31 March.

Simplified income statement

(€ millions)	2005	2004	2003
Sales managed [1]	1,462.6	1,383.9	1,402.3
o/w invoiced	1,287.5	1,213.7	1,225.6
o/w commissions	175.1	170.2	176.7
Profit on ordinary activities	**18.4**	**16.9**	**18.2**
Goodwill amortisation	(17.4)	(17.2)	(17.1)
Exceptional income (loss)	**(3.1)**	**(5.3)**	**(3.5)**
Net profit (loss)	**(2.1)**	**(5.6)**	**(2.4)**

(1) Including Rémy Cointreau products totalling €520.3 million (2004: €511.3 million; 2003: €526.0 million).

Turnover by geographical region

(€ millions)	2005	2004	2003
Europe & Canada	905.4	869.3	895.3
Asia-Pacific	481.4	432.5	426.2
Emerging countries	75.8	82.1	80.8
Total	**1,462.6**	**1,383.9**	**1,402.3**

Workforce

(At 31 March)	2005	2004	2003
Maxxium staff	1,602	1,712	1,750

Simplified balance sheet

(€ millions)	2005	2004	2003
Fixed assets	284.8	300.1	313.3
Net current assets	184.0	182.1	196.2
Net assets	**468.8**	**482.2**	**509.5**
Financed by:			
Financial debt	169.8	163.8	171.5
Shareholders' equity	299.0	318.4	338.0
Total	**468.8**	**482.2**	**509.5**

6. Other financial investments

6.1. Non-consolidated investments comprise:

(€ millions)	2005	2004	2003
Shareholdings in excess of 50%	1.6	1.7	3.0
Shareholdings of between 20% and 50%	2.2	1.6	1.6
Shareholdings of less than 20%	1.7	1.9	2.0
Total	**5.5**	**5.2**	**6.6**

Non-consolidated investments are presented net of a provision of €15.8 million (2004: €16.5 million, 2003: €16.7 million).

6.2. Other financial assets comprise mainly deferred charges in respect of the pension commitments of Bols Distilleries.

7. Inventories

7.1. Breakdown by type

(€ millions)	2005	2004	2003
Merchandise and finished products	84.2	87.7	86.4
Raw materials	84.5	81.7	77.3
Brandies	516.6	548.8	438.7
Champagne	147.1	158.6	169.5
Other work-in-progress	3.6	1.0	7.2
Gross value	**836.0**	**877.8**	**779.1**
Provisions for impairment	(4.3)	(3.8)	(3.7)
Net value	**831.7**	**874.0**	**775.4**

7.2. Movements

(€ millions)	Total
31 March 2004	**874.0**
Movements for the year	(39.5)
Provisions for impairment	(0.5)
Translation adjustments	(2.3)
31 March 2005	**831.7**

8. Other receivables

8.1. Trade notes and accounts receivable are reported net of a provision for impairment of €6.8 million (2004: €6.5 million, 2003: €7.7 million) in respect of individually identified receivables, valued based on the degree of risk of non-collection.

8.2. Other receivables comprise:

(€ millions)	2005	2004	2003
Supplier advances	8.4	4.2	24.0
Provisional tax paid [1]	6.8	7.4	13.5
Other tax and social security receivables	15.3	15.8	15.5
Excise duties paid in advance	5.1	6.1	4.6
Prepaid expenses	10.3	8.9	6.6
Borrowing issuance fees	10.0	9.0	4.5
Renegotiation fees for the syndicated loan	2.8	3.7	
Financial instruments	8.9	9.8	18.6
Receivables on asset disposals			20.2
Other receivables	26.2	24.4	24.3
Provisions on receivables	(1.7)	(1.4)	(0.8)
Total	**92.1**	**87.9**	**131.0**

(1) Tax receivables and payables are offset by tax group.

9. Share capital and other shareholders' equity

9.1. The share capital at 31 March 2005 comprised 45,052,661 shares with a nominal value of €1.60 per share.

As part of the stock options granted to certain employees, 272,812 new shares were issued during 2005. This creation of shares corresponds to a capital increase of €0.5 million, together with a share premium of €4.3 million.

In connection with its share buyback programme, at 31 March 2004 Rémy Cointreau held 632,430 of its own shares, of which 509,985 shares were reported as a deduction from consolidated shareholders' equity and 122,445 shares were recorded in "Cash and cash equivalents".

In March 2005, Rémy Cointreau sold 602,430 of its own shares with an option to repurchase.

The sale with repurchase option will enable Rémy Cointreau to meet its commitments to cover stock options granted to certain members of staff (284,000 shares under plan no. 12 and 37,503 shares under plan no. 13 – Note 27) as required under the provisions of Article L. 225-179 of the French Commercial Code, which stipulates that, as from the end of the vesting period of the plans, the company must be in a position to deliver the shares to its employees. It will also limit the dilutive effect of the stock options (280,927 shares under plan no. 10). This mechanism was authorised by the French Financial Markets Authority (AMF) on 8 March 2005.

Rémy Cointreau completed the coverage of stock option plan no. 13 by acquiring 224,497 options on its own shares.

On completing these transactions, only 30,000 own shares were still deducted from consolidated shareholders' equity at 31 March 2005, at a value of €0.6 million.

The sale with repurchase option generated a net gain of €0.4 million. The net premium after tax paid for the options amounted to €1.5 million. These amounts are recorded in shareholders' equity for a total negative value of €1.1 million. The net book value of the shares sold, net of the 122,445 shares earlier recorded in marketable securities, amounted to €9.9 million.

9.2. Maximum number of shares used for the calculation of diluted earnings:

Maximum number of shares to be created	2005	2004	2003
Shares outstanding	45,052,661	44,779,849	44,579,941
Own shares	(30,000)	(509,985)	(509,985)
Potential number of shares:			
Stock options	2,049,399	2,343,311	2,565,111
Repurchase option	(280,927)	–	–
Convertible bond	30,032	30,032	30,032
OCEANE	6,833,691	6,833,691	6,896,528
Total	**53,654,856**	**53,476,898**	**53,561,627**

10. Subordinated perpetual securities

10.1. Rémy Cointreau issued €304.9 million in subordinated perpetual securities on 16 May 1991. The annual interest rate applicable until 16 May 2006 is 6 month Euribor plus 1%.

10.2. The principal clauses in the original issue terms and conditions were as follows:

- the securities, which have no fixed repayment date, will be redeemed at their par value only in the event of a winding-up subject to court order, a legal judgment requiring the complete disposal of the business, or early voluntary liquidation of the Company other than by way of a merger or spin-off;
- the redemption will be subordinated to the prior settlement in full of all the Company's creditors, except for holders of participating loans granted to the Company and any participating securities that may be issued by the Company;
- the payment of interest may be suspended in the event that the consolidated financial statements disclose losses in excess of 25% of the consolidated shareholders' equity, and no dividend was payable for the previous financial year.

10.3. The securities were repackaged at the time of their issue as part of an agreement with a third party.
Under this agreement, the third party, through a separate agreement entered into with the subscribers to the securities, undertook to redeem the securities after 15 years and to waive the right to interest from the sixteenth year in exchange for an initial payment by the Company of €82.9 million.
Due to these clauses, the securities were recorded at the time of their issue as a liability in the balance sheet at their net amount of €222.0 million.

Each year's net income includes the impact of the interest paid on the nominal amount of the securities less any income generated by the €82.9 million deposit. This income is treated as an annual payment allocated to repayment of the principal and therefore reduces the amount of the debt accordingly.

10.4. The securities were restructured in May 1996 as follows:
- Rémy Cointreau exercised its right to redeem the securities from the subscribers at their par value;
- the securities were sold at their current value to a debt securitisation fund (FCC), which will receive the interest income up to 15 May 2006;
- the issue contract was revised, the main changes being as follows:

11.2. OCEANE

- Following the authorisation granted by the Combined General Meeting of shareholders on 24 August 2000, the meeting of the Board of Directors of 13 December 2000 approved the issue of €300.0 million of bonds with the option to convert into and/or exchange for new and/or existing shares known as OCEANEs.
- The main features of this OCEANE issue are as follows:
  - number of bonds issued: 6,896,551
  - par value: €43.50 each
  - issued at par
  - right to interest as from 30 January 2001
  - term: 5 years and 61 days
  - interest rate: 3.50% per annum, paid annually on 1 April
  - redemption on 1 April 2006 at €48.53 each, including a redemption premium of 11.56% of the nominal value, i.e. €34.6 million,
  - early redemption at the option of the issuer with effect from 1 April 2004 if the Rémy Cointreau share meets certain quotation criteria,
  - each bond may be converted or exchanged for one new or existing share at any time with effect from 30 January 2001 until the seventh working day prior to the redemption date.

On 17 October 2003, Remy Cointreau redeemed 62,837 bonds at €47.80 each. These bonds were subsequently cancelled. The redemption resulted in the principal value of the OCEANE being reduced by €2.7 million and the redemption premium by €0.3 million.

No bonds were converted during the year. A total of 23 bonds were converted or exchanged in previous years.

12. Medium and long-term financial debt

12.1. Medium and long-term financial debt comprises:

(€ millions)	2005	2004	2003
Bonds	384.6	186.8	163.5
Bank borrowings at variable rates	–	212.5	170.0
Other medium and long-term borrowings	8.0	–	–
Total	**392.6**	**399.3**	**333.5**

12.2. Bonds primarily comprise the following two bonds:

a) A €175 million 7-year bond issued on 24 June 2003, with a 6.5% coupon. Upon maturity, this bond is redeemable at par.

Most of the proceeds from this bond were used for the early redemption of an earlier €150 million bond with a 10% coupon, which would have matured in July 2005.

The bond carries a number of clauses for early redemption at the issuer's option as follows:

- before 1 July 2006, in the event of a capital increase, whether for the general public or privately placed, at 106.5% on a proportional basis of up to 35% of the total nominal value of the bonds issued;
- at any time before 1 July 2007, redemption at par plus a premium equal to the higher of the following two amounts:
  - (I) – 1% of the principal amount redeemed,
  - (II) – an amount equal to the difference between: the present value on the redemption date at 103.25% plus interest calculated over the period from the redemption date to 1 July 2007. The discount rate used is the Bund interest rate on the redemption date plus 50 basis points;
- from 1 July 2007, under any circumstances, redemption of all or part of the bonds at 103.25% during 2007/2008, at 101.625% during 2008/2009, and at par during 2009/2010.

The issue contract also provides every bondholder with the right to request redemption of the bonds held at 101% in the event of (I) a "fundamental change" covering the possible sale or transfer of a substantial part of the assets of Rémy Cointreau, or (II) approval by the shareholders of a liquidation or voluntary winding-up plan of the issuer, or (III) Orpar and Récopart SA together holding less than one third of the voting rights in the issuer or being unable to appoint the majority of the Board of Directors for two consecutive years,

- at any time, but in full, in the event of a material change in the tax regime applicable to the issuer subsequent to the issue date.

b) A 7-year borrowing issued on 12 January 2005 for €200 million, with a 5.2% coupon. This bond is redeemable at par upon maturity.

The funds raised were used to reduce the amounts drawn on the syndicated loan and will permit refinancing of the OCEANE maturing on 1 April 2006.

The issue carries a number of clauses for early redemption at the issuer's option as follows:

- before 15 January 2008, in the event of a capital increase, whether for the general public or privately placed, redemption at 105.2% on a proportional basis of up to 35% of the total par value of the bonds issued;
- at any time before 15 January 2009, redemption at par plus a premium equal to the higher of the following two amounts:
  - (I) – 1% of the principal amount redeemed,
  - (II) – an amount equal to the difference between: the present value on the redemption date at 102.6% plus interest calculated over the period from the redemption date to 15 January 2009 and the principal amount of the bond. The discount rate used is the Bund interest rate on the redemption date plus 50 basis points;
- from 15 January 2009, under any circumstances, redemption of all or part of the bonds at 102.6% until 15 January 2010 excluded, at 101. 3% from 15 January 2010 to 15 January 2011 excluded and at par from 15 January 2011 onwards.

The issue contract also provides every bondholder with the right to request redemption of the bonds held at 101% in the event of (I) a "fundamental change" covering the possible sale or transfer of a substantial part of

the assets of Rémy Cointreau, or (II) approval by the shareholders of a liquidation or voluntary winding-up plan of the issuer, or (III) Orpar and Récopart SA together holding less than one third of the voting rights in the issuer or being unable to appoint the majority of the Board of Directors for two consecutive years,
- at any time, but in full, in the event of a material change in the tax regime applicable to the issuer subsequent to the issue date.

These bonds are not subject to any guarantee.

12.3. At 31 March 2005, the Group's confirmed banking facilities (including those falling due within one year) amounted to €578.9 million, and comprised the following:

Type	Principal (€ millions)	Maturity
Banking syndicate	462.5	2005 to 2008
Other confirmed credit lines	78.3	2005
Bilateral credit lines	38.1	2006

12.4. Banking syndicate

The €500.0 million syndicated loan signed on 10 June 2003 with a group of 19 banks comprised a term facility and a revolving facility of €250 million each. The revolving facility is repayable on 10 June 2008, whereas the term facility is repayable in annual instalments as follows:
– 10 June 2004: €37.5 million
– 10 June 2005: €43.75 million
– 10 June 2006: €50.0 million
– 10 June 2007: €56.25 million
– 10 June 2008: €62.5 million

On 28 December 2004, a rider to the basic agreement was signed with a view to converting the term loan into a second revolving facility, the principal amount of which is reduced in accordance with the repayment schedule provided in the previous paragraph.

This loan is not subject to any guarantee.

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

Period	Debt/EBITDA (Ratio A)	EBITDA/finance costs (Ratio B)
Date of signing to 30/09/2004	Ratio A ≤ 4.25	3.25 ≤ Ratio B
From 01/10/2004 to 30/09/2005	Ratio A ≤ 4.00	3.50 ≤ Ratio B
From 01/10/2005 to 30/09/2006	Ratio A ≤ 3.75	3.75 ≤ Ratio B
From 01/10/2006 to maturity	Ratio A ≤ 3.5	4.00 ≤ Ratio B

For the purpose of these calculations, EBITDA is defined as the sum of operating profit, amortisation and depreciation, and dividends received from equity accounted companies. Debt is defined as the sum of liabilities excluding accrued interest, the nominal value of convertible bonds less cash and cash equivalents. The value used for the ratio is the arithmetic average of the values in the last two interim reports.

On 3 June 2004, the lending banks agreed that for the calculation of the financial ratios and the margin applicable to the syndicated loan, the definitions of EBITDA, debt and finance costs would be adjusted so as to exclude the impact of the consolidation of the special purpose entities (Note 1.1).

At 31 March 2005, these ratios were as follows:

- Debt/EBITDA: 3.68
- EBITDA/finance costs: 3.65

The debt/EBITDA ratio serves as a reference in determining the margin applicable to the Euribor interest rate paid on each drawing. Based on the ratios for 2005, the margin was 120 basis points. The commitment commission is 50% of the applicable margin on the unutilised portion of the credit line.

12.5. Maturity analysis

(€ millions)	2005	2004	2003
More than 5 years	375.0	175.0	
More than 1 year but less than 5 years	17.6	224.3	333.5
Total	**392.6**	**399.3**	**333.5**

12.6. Currency analysis

(€ millions)	2005	2004	2003
Euro	384.6	399.3	333.5
Polish zloty	8.0		
Total	**392.6**	**399.3**	**333.5**

13. Provisions for liabilities and charges

13.1. Breakdown by type

(€ millions)	2005	2004	2003
Pension provisions	17.1	16.9	17.2
Provisions for liabilities and charges	45.9	60.2	58.8
Total	**63.0**	**77.1**	**76.0**

Provisions for liabilities and charges mainly relate to:
- provisions for early retirements and restructuring costs,
- provisions for various operating liabilities.

These amounts include the provisions raised as part of the initial consolidation of Bols.

13.2. Maturity analysis

(€ millions)	<1 year	<5 year	>5 year
Pension provisions	–	–	17.1
Provisions for liabilities and charges	20.4	24.5	1.0
Total	**20.4**	**24.5**	**18.1**

13.3. Changes in provisions for liabilities and charges

(€ millions)	Total
31 March 2004	**77.1**
Charges in the year	23.2
Amounts utilised in the year	(27.9)
Releases in the year	(9.4)
31 March 2005	**63.0**

14. Operating liabilities

14.1. Trade notes and accounts payable comprise:

(€ millions)	2005	2004	2003
Eaux-de-vie suppliers	11.2	21.3	27.9
Other suppliers	100.2	112.2	111.8
Total	**111.4**	**133.5**	**139.7**

14.2. Other operating liabilities comprise:

(€ millions)	2005	2004	2003
Customer advances	0.8	0.6	1.0
Tax liabilities(1)	2.9	5.7	14.4
Other tax and social security liabilities	41.9	36.1	42.3
Excise duties payable	16.3	9.8	12.4
Advertising	31.5	27.1	24.2
Other deferred income	3.4	4.0	4.2
Financial instruments	2.7	1.7	9.0
Other	37.4	39.2	42.1
Total	**136.9**	**124.2**	**149.6**

(1) Tax liabilities are offset by tax group.

15. Analysis by geographical region

15.1. Analysis of sales

(€ millions)	2005	2004	2003
France	50.5	53.3	61.8
Rest of Europe	374.8	362.1	406.9
North America	313.7	309.6	351.8
Asia-Pacific	127.3	122.0	127.3
Rest of the world	39.0	41.3	52.4
Total	**905.3**	**888.3**	**1,000.2**

15.2. Analysis of assets employed

(€ millions)	Net intangible fixed assets	Net tangible fixed assets	Current assets[1]	Operating liabilities[2]
France	426.3	107.4	938.2	206.7
Rest of Europe	485.7	16.8	101.5	67.0
America	11.4	9.1	114.2	29.1
Asia-Pacific	–	–	–	0.5
Total	**923.4**	**133.3**	**1,153.9**	**303.3**

[1] Excluding cash and cash equivalents, excluding offsetting of tax assets and liabilities.

[2] including deferred tax liabilities, excluding offsetting of tax assets and liabilities

16. Information by division

Operating profit includes:
a) profit directly allocated to the various brands operated by the Group,
b) indirect charges representing the overheads of the various distribution companies and the administration entities.

The brands have been separated into five divisions, which cover the main products and brands as follows:
Cognac: Rémy Martin;
Liqueurs: Cointreau, Passoa, Liqueurs Bols, Galliano, Pisang Ambon;
Spirits: Bols vodka, Metaxa, Saint Rémy, Mount Gay rum, Bols and Bokma genevers and Saint James rum (2003);
Champagne and Wines: Piper-Heidsieck, Charles Heidsieck, Piper Sonoma Californian wines;
Partner brands: these are brands not owned by the Group but which are distributed by the Group's own network, consisting mainly of The Famous Grouse and The Macallan Scotch whiskies, Antinori wines in the US and distribution of wines in the Netherlands (for 2003).

The breakdown of profit by brand, distribution expenses and central costs is performed on an analytical basis.

16.1. Analysis of turnover and operating profit by division

(€ millions)	2005	2004	2003
Turnover			
Cognac	318.7	317.2	358.9
Liqueurs	161.3	160.6	173.2
Spirits	186.4	184.5	202.5
Champagne & Wines	129.7	125.8	130.4
Partner brands	109.2	100.2	135.2
	905.3	**888.3**	**1,000.2**
Operating profit			
Cognac	99.5	114.3	149.3
Liqueurs	51.5	49.4	50.2
Spirits	56.0	53.8	61.7
Champagne & Wines	15.9	15.3	17.2
Partner brands	16.8	15.4	20.9
	239.7	**248.2**	**299.3**
Distribution costs, central costs and unallocated charges	(72.0)	(74.7)	(85.5)
Total	**167.7**	**173.5**	**213.8**

16.2. Analysis by assets employed

At 31 March 2005

(€ millions)	Net intangible fixed assets	Net tangible fixed assets	Current assets[1]	Operating liabilities[2]
Cognac	237.5	22.4	552.2	83.7
Liqueurs	180.6	17.0	33.9	41.0
Spirits	363.4	26.3	101.8	62.3
Champagne & Wines	141.7	64.6	244.6	46.2
Network and holding co.	0.2	3.0	221.4	70.1
Total	**923.4**	**133.3**	**1,153.9**	**303.3**

[1] Excluding cash and cash equivalents, excluding offsetting of tax assets and liabilities.

[2] Including deferred tax liabilities, excluding offsetting of tax assets and liabilities.

At 31 March 2004

(€ millions)	Net intangible fixed assets	Net tangible fixed assets	Current assets[1]	Operating liabilities[2]
Cognac	239.1	20.8	583.5	86.1
Liqueurs	197.1	16.6	43.5	53.9
Spirits	390.7	34.8	104.9	57.8
Champagne & Wines	141.5	66.0	248.3	48.6
Network and holding co.	0.7	4.6	225.8	70.7
Total	**969.1**	**142.8**	**1,206.0**	**317.1**

[1] Excluding cash and cash equivalents, excluding offsetting of tax assets and liabilities.

[2] Including deferred tax liabilities, excluding offsetting of tax assets and liabilities.

At 31 March 2003

(€ millions)	Net intangible fixed assets	Net tangible fixed assets	Current assets[1]	Operating liabilities[2]
Cognac	239.5	19.6	511.2	102.4
Liqueurs	196.9	16.8	53.7	51.9
Spirits	393.0	43.5	132.0	69.0
Champagne & Wines	141.9	68.0	256.6	51.1
Network and holding co.	0.9	3.9	223.4	72.3
Total	**972.2**	**151.8**	**1,176.9**	**346.7**

[1] Excluding cash and cash equivalents, excluding offsetting of tax assets and liabilities.

[2] Including deferred tax liabilities, excluding offsetting of tax assets and liabilities.

16.3. Return on capital employed

Return on capital employed is measured based on the following indicators:

Capital employed (Note 16.2):

– tangible fixed assets,

– current assets (excluding cash and cash equivalents),

– operating liabilities.

Operating profit (Note 16.1):

– operating profit after allocation of holding company and distribution network costs.

Capital employed and operating profit are identified by division on an analytical basis. The allocation of capital and profits to the holding company and distribution network activities is based on actual inventories and is pro rata to sales.

At 31 March 2005

	2005		
(€ millions)	Capital employed	Operating profit	%
Cognac	551.5	76.5	13.9
Liqueurs	32.9	42.8	130.1
Spirits	89.5	34.1	38.1
Champagne & Wines	285.2	9.8	3.4
Partner brands	24.7	4.5	18.2
Total	**983.8**	**167.7**	**17.0**

At 31 March 2005, after taking into account the carrying value of the brands and other intangible fixed assets (Notes 3.1 and 16.2), return on capital employed was 9.7% for Cognac, 20.0% for Liqueurs, 7.5% for Spirits and 2.3% for Champagne and Wines.

At 31 March 2004

	2004		
(€ millions)	Capital employed	Operating profit	%
Cognac	576.0	90.2	15.7
Liqueurs	27.5	40.0	145.5
Spirits	104.3	28.7	27.5
Champagne & Wines	290.3	8.9	3.1
Partner brands	33.6	5.7	17.0
Total	**1,031.7**	**173.5**	**16.8**

At 31 March 2004, after taking into account the carrying value of the brands and other intangible fixed assets (Notes 3.1 and 16.2), return on capital employed was 11.1% for Cognac, 17.8% for Liqueurs, 5.8% for Spirits and 2.1% for Champagne and Wines.

At 31 March 2003

	2003		
(€ millions)	Capital employed	Operating profit	%
Cognac	496.9	122.7	24.7
Liqueurs	40.4	40.2	99.5
Spirits	127.5	33.5	26.3
Champagne & Wines	288.6	11.0	3.8
Partner brands	28.6	6.4	22.4
Total	**982.0**	**213.8**	**21.8**

At 31 March 2003, after taking into account the carrying value of the brands and other intangible fixed assets (Notes 3.1 and 16.2), return on capital employed was 16.7% for Cognac, 16.9% for Liqueurs, 6.4% for Spirits and 2.6% for Champagne and Wines.

17. Operating expenses

The analysis of operating expenses is as follows:

(€ millions)	2005	2004	2003
Personnel costs	111.2	113.3	125.3
Other costs	255.1	260.3	264.7
Amortisation and depreciation	19.5	20.4	20.3
Expenses reallocated to inventories and cost of sales	(58.8)	(64.6)	(65.0)
Total	**327.0**	**329.4**	**345.3**
of which:			
Marketing expenses	243.6	247.8	260.7
Administrative expenses	83.4	81.6	84.6
Total	**327.0**	**329.4**	**345.3**

Marketing expenses comprise promotion and advertising costs, commissions paid and received, brand royalties, ordinary provisions for inventories and trade accounts receivable, and overheads of the Group's distribution companies. Administrative expenses comprise all other expenses (mainly overheads of the holding and production companies). This analysis is prepared on an analytical basis.

18. Group workforce

Staff numbers are expressed at the balance sheet date and relate to fully consolidated companies only.

(At 31 March)	2005	2004	2003
France	980	1,021	1,043
Rest of Europe	531	590	694
Asia-Pacific	4	4	–
America	329	330	460
Total	**1,844**	**1,945**	**2,197**

19. Directors' and officers' remuneration

(€ millions)	2005	2004	2003
France	1.5	2.1	1.9
Total	**1.5**	**2.1**	**1.9**

Remuneration paid by Rémy Cointreau to directors and officers includes all gross remuneration and attendance fees paid to:

– members of the Supervisory Board and of the Management Board, and

– since 7 September 2004, to members of the Board of Directors and to the Chief Executive Officer.

Members of the Management Board and the Chief Executive Officer benefit from:

– a bonus on their basic fixed salary. This bonus is a function of quantitative criteria based on the Group's performance and qualitative criteria based on personal performance,

- as is the case for other senior Group executives, benefit from an increase in the legal amount payable upon leaving the Group, as well as an optional additional pension, taken out with an insurance company, which enables them, if they are employees of the company at the time of their retirement, to benefit from a supplementary pension of up to 11.5% of their final remuneration. This commitment is valued and recorded as pension commitments in accordance with Note 1.11.

20. Net financial income (expense)

(€ millions)	2005	2004	2003
Debt servicing (excl. coop.)	(38.4)	(47.6)	(54.8)
Finance costs - cooperatives	(4.1)	(3.9)	–
Sub-total	**(42.5)**	**(51.5)**	**(54.8)**
Average net debt	892.0	976.8	947.3
Average interest rate	4.76%	5.27%	5.79%
Other finance costs (excl. coop.)	(15.1)	(12.1)	(10.0)
Dividends	0.5	0.6	0.4
Translation gains (losses)	4.0	(1.1)	(2.3)
Total	**(53.1)**	**(64.1)**	**(66.7)**

Finance income and costs include:

– net interest costs,

– commissions on credit lines,

– amortisation of bond issue costs and redemption premiums,

– related bank charges.

21. Exceptional income and expenses after tax

Exceptional income and expenses do not relate directly to ordinary activities.

(€ millions)	2005	2004	2003
Gains (losses) on disposals of securities and equity investments	–	24.1	(2.7)
Cost of restructuring, closures and site transfers	(12.5)	(14.2)	(8.5)
Charges and provisions for tax liabilities	(2.8)	(7.6)	–
Gains (losses) on asset disposals	1.2	–	11.7
Dilution gain (Dynasty)	13.7	–	–
Impairment of brands	(52.3)	–	–
Equity swap gain	–	6.5	–
Charges relating to debt restructuring	–	(4.0)	–
Other charges and provisions	(1.9)	(2.7)	(1.9)
Total	**(54.6)**	**2.1**	**(1.4)**

22. Taxation

22.1. The net effect of taxation on profit was as follows:

(€ millions)	2005	2004	2003
Tax on profit on ordinary activities			
Current	(31.5)	(30.9)	(44.1)
Deferred	(6.8)	(7.4)	(6.4)
Total	**(38.3)**	**(38.3)**	**(50.5)**
Tax on profit from exceptional items			
Current	4.8	(1.2)	(0.3)
Deferred	(1.3)	3.5	(0.8)
Total	**3.5**	**2.3**	**(1.1)**

22.2. Rémy Cointreau has elected to create a tax grouping for certain subsidiaries in which it has, directly or indirectly, a shareholding of at least 95%. This grouping may provide tax savings, within certain limits, as taxable profits can be offset against tax losses of other companies. Any tax savings are recognised in the year in which the offset occurs.

22.3. Analysis of the origin and breakdown of deferred tax

(€ millions)	March 05	March 04	March 03
Breakdown by type			
Pension provisions	4.7	5.0	4.0
Regulated provisions	(33.4)	(28.0)	(22.7)
Other provisions	7.9	10.6	10.0
Margin on inventories	7.0	7.1	8.5
Other timing differences	7.1	5.5	(0.6)
Net position - asset (liability)	**(6.7)**	**0.2**	**(0.8)**
Breakdown by tax grouping			
France tax grouping	(10.9)	(6.5)	(3.9)
US tax grouping	(0.6)	0.2	0.4
Netherlands tax grouping	0.8	2.7	0.6
Other companies	4.0	3.8	2.1
Net position - asset (liability)	**(6.7)**	**0.2**	**(0.8)**
Deferred tax assets	4.8	6.7	3.2
Deferred tax liabilities	(11.5)	(6.5)	(4.0)
Net position - asset (liability)	**(6.7)**	**0.2**	**(0.8)**

22.4. Tax losses and capital losses carried forward at 31 March were as follows

(€ millions)	2005	2004	2003
No time limit	2.4	3.2	2.9
Expiring in :			
2004	–	–	0.1
2005	–	–	–
2006	–	–	–
2007	–	–	–
After 2007	3.4	2.6	4.2
Total losses carried forward	**5.8**	**5.8**	**7.2**

At 31 March 2005, the potential tax savings arising from the utilisation of these tax losses carried forward was €1.5 million. No deferred tax asset was recognised in respect of this amount.

22.5. Tax reconciliation

The difference between the tax on profit on ordinary activities recognised in the financial statements and the theoretical tax at a rate of 34.9% at 31 March 2005 (2004: 35.4%, 2003: 35.4%) is analysed as follows:

(€ millions)	2005	2004	2003
Theoretical tax charge	(40.0)	(38.8)	(52.1)
Actual tax charge	(38.3)	(38.3)	(50.5)
Difference	1.7	0.5	1.6
• Permanent differences between the accounting and taxable profits	2.0	0.8	1.3
• Utilisation of tax losses and timing differences not previously recognised	0.5	1.1	0.5
• Tax losses of subsidiaries not used	(0.1)	(0.2)	(0.9)
• Difference in tax rates for foreign subsidiaries	2.1	(0.2)	(0.2)
• Adjustment to the tax charge for prior years	(2.8)	(1.0)	0.9
Total	**1.7**	**0.5**	**1.6**

23. Post-balance sheet events

On 17 April 2005, the Group formed an alliance with the CEDC group, Poland's leading distributor of wines and spirits, which is listed on Nasdaq. Under this project, Rémy Cointreau and its partner Takirra are to sell Bols Sp.z.o.o., the production and distribution company in which they hold equal shares, the price being settled partly in cash and partly in CEDC shares. On completing this operation, Rémy Cointreau is expected to hold an equity investment in CEDC of around 10%.

24. Off-balance sheet commitments and litigation

24.1. Off-balance sheet commitments

Commitments relating to the management of foreign exchange and interest rate risks, as well as the equity swap contract, are detailed in Note 25.

The €6.9 million unamortised portion of the OCEANE redemption premium (Note 11) and the financial instruments used to hedge the subordinated perpetual securities (Note 10.4) are included in off-balance sheet commitments.

Rémy Cointreau has entered into long-term supply agreements with wine distillers. To ensure a consistent supply policy, on 31 March 2005 Rémy Cointreau awarded the Alliance Fine Champagne co-operative sole responsibility for centralising its brandy purchase commitments entered into under these long-term agreements. In 2005, in addition to the subscription by the wine distillers to shares in the co-operative, the implementation of this commitment will result in the transfer to the co-operative of these commitments, which, at 31 March 2005, concerned 59,783 hectolitres of pure alcohol.

Other Group commitments comprise the following:

(€ millions)	2005	2004
Inventory commitments		
Champagne (a)	13.1	14.7
Banking commitments		
Various guarantees on financing lines	1.0	1,3
Agricultural warrants on the co-operatives' inventories	97.8	90.9
Guarantee covering 25% of the debt of Maxxium (b)	34.7	46.6
Guarantee on the debt of Avandis (c)	7.6	7.6
Tax commitments		
Tax guarantees (d)	10.5	28.0
Other commitments given		
Office rent (e)	8.4	
Post-employment healthcare plans	5.8	
Option on shares held (f)	36.6	36.6

(a) The Champagne division has commitments to purchase wine held at the vineyard.

(b) Rémy Cointreau has guaranteed one quarter of the bank debt of Maxxium BV, as have each of the other three partners in the distribution joint venture. The maximum amount of the guarantee is €62.5 million.

(c) Erven Lucas Bols NV guarantees one third of the debt of Avandis, as does each of its partners in this joint venture. At 31 March 2005, Avandis had total debt of 22.7 million.

(d) Bank guarantees given to the tax authorities represent guarantees for disputed tax assessments following requests for deferral of payment.

(e) During 2005, the Group's head office in Paris was relocated and a commercial lease taking effect on 1 December 2004 was signed for a fixed term of six years. At 31 March 2005, the rent payable up to the end of the agreement, excluding local taxes, charges and the impact of annual indexation adjustments, amounted to €8.4 million.

(f) In June 2003, as part of the existing joint venture agreements between Rémy Cointreau and its partner Takirra Investment Corp. NV (Takirra) in Bols Sp.z.o.o, the company that mainly distributes the Bols portfolio of vodkas in Poland, the Group granted its partner a put option exercisable in April 2006 over 50% of the share capital held by Takirra in Unicom Bols.
This agreement, which strengthens the long-term collaboration between the two partners, values the stake held by Takirra in Bols Sp. Z.o.o on the basis of an enterprise value of seven times the operating profit, with a minimum price of €36.6 million for 50% of the capital.

24.2. Maturity analysis

(€ millions)	Total	Less than 1 year	More than 1 year
Inventory commitments			
Champagne (a)	13.1		13.1
Banking commitments			
Various guarantees on financing lines	1.0	1.0	
Agricultural warrants on the co-operatives' inventories	97.8	97.8	
Guarantee covering 25% of the debt of Maxxium (b)	34.7	3.4	31.3
Guarantee on the debt of Avandis (c)	7.6		7.6
Tax commitments			
Tax guarantees (d)	10.5	10.5	
Other commitments given			
Office rent (e)	8.4	1.0	7.4
Post-employment healthcare plans	5.8		5.8
Option on shares held (f)	36.6		36.6

24.3. As part of disposal transactions, liabilities guarantees are generally given to buyers for contractually defined durations and amounts. Tax, customs and social security liabilities that may arise following audits relating to periods prior to the disposal are generally covered until the legal time limits have expired.

Disposal guarantees that remain in effect at 31 March 2005 relate to:

(€ millions)

Disposal	Disposal date	Type of garantees not time-barred	Expiry date	Maximum amount
Blue Pyrenees Estate Ltd (Australia)	01/10/03	tax items	31/10/06	
		total of all guarantees		10.0
Wine activities (ORB) (Netherlands)	17/04/03	liabilities exc. excise duties tax and social security	17/04/05	
		excise duties, tax and social security	17/10/08	
		total of all guarantees		1.5
RMSJ/SMCS (France)	11/07/03	liabilities exc. tax, customs	03/09/05	8.0
		and social security	31/10/08	none

24.4. As part of the agreements to set up Maxxium in August 1999, Rémy Cointreau transferred assets to the new joint venture in exchange for shares in Maxxium and €122 million in cash, of which €82 million had been received at 31 March 2005. The balance of €40 million represents a component of the variable price linked to Maxxium's financial performance. Part of this amount (€24 million) has a fixed maturity of 31 July 2009, while the balance (€16 million) has no time limit.

24.5. At 31 March 2005, Rémy Cointreau was involved in a number of legal actions. Following a review of each case at the level of the subsidiary concerned, and having taken legal advice, the necessary provisions were raised, as required, to cover the estimated liabilities.

24.6. The Group declares that it has not omitted any material off-balance sheet information in the presentation of its consolidated financial statements.

25. Exposure to market risks

The Group is exposed to foreign exchange and interest rate risk.

Risk management is carried out in accordance with prudent rules approved by the Board of Directors. In particular, sales of options are limited to tunnels and resales of instruments purchased previously and are subject to authorisation on a case-by-case basis.

In respect of foreign exchange risks, the horizons hedged and the levels committed are limited and the hedging strategies are set up with the support of an independent consultancy. All hedging transactions are carried out with top-tier international banks.

25.1 Foreign exchange risk

The Group's results are sensitive to exchange rate movements as some 68% of its turnover is generated outside the euro zone, while almost all the production is based in this region.

The Group's exposure to foreign exchange risk relates mainly to sales denominated in currencies other than the euro (mainly in USD, AUD, CAD, JPY, GBP, HKD, and to a lesser extent NZD and CHF) by the production companies to Maxxium, the US distribution subsidiary and the exclusive foreign agents. The Group endeavours to hedge its net budgeted commercial exposure on a moving horizon of up to 15 to 18 months. This is achieved by entering into firm or optional foreign exchange hedging contracts.

This hedging policy covers only short-term exchange risks. It is not intended to shelter Rémy Cointreau from the economic effects of long-term monetary trends on the Group's turnover or margins.

The Group does not hedge the foreign exchange risk relating to the translation into euros of the financial statements of companies based outside the euro zone.

25.1.1. Foreign exchange risk on operating cash flows

The following hedges were established during 2004:

(currency millions)	USD	AUD	CAD	JPY	GBP	NZD	CHF
Hedged positions	260.0	15.0	17.0	2,200.0	20.0	5.2	5.9
Average exchange rate	1.1907	1.7589	1.5839	133.23	0.7006	1.8591	1.5353
Open positions	6.0	0.6	0.1	342.9	(0.6)	0.1	0.1
Total	**266.0**	**15.6**	**17.1**	**2,542.9**	**19.4**	**5.3**	**6.0**

As surplus positions in HKD were systematically sold against the USD, the overall USD position includes HKD (i.e. the equivalent of $31.9 million).

At 31 March 2005, the Group held short-term currency swaps against 2005 operating cash flows not yet received as well as hedges against future cash flows for 2006.

Residual hedges against 2005 cash flows received in 2006

Type	Currency	Nominal amount (currency millions)	Exchange rate guaranteed
Firm	USD/EUR	(45.8)	1.2950
Firm	AUD/EUR	(3.3)	1.6770
Firm	CAD/EUR	(0.9)	1.5674
Firm	JPY/EUR	(546.3)	138.500
Firm	GBP/EUR	(1.2)	0.6908
Firm	CHF/EUR	0.1	1.5510
Firm	NZD/EUR	(1.2)	1.8284
Firm	HKD/USD	(0.5)	7.7990

Hedges against 2006 cash flows

Type	Currency	Nominal amount (currency millions)	Exchange rate guaranteed
Option [1]	USD/EUR	(230.0)	1.2976
Premiums received (paid): (€2.69 million)			
Option [1]	AUD/EUR	(12.0)	1.7766
Premiums received (paid): (€0.14 million)			
Option [1]	CAD/EUR	(14.0)	1.6403
Premiums received (paid): (€0.18 million)			
Option [1]	GBP/EUR	(10.0)	0.7133
Premiums received (paid): (€0.29 million)			
Option [1]	JPY/EUR	(1,200.0)	134.53
Premiums received (paid): (€0.18 million)			

(1) Including tunnel options.

At 31 March 2005, the market value of the total portfolio of foreign exchange instruments was €7.7 million.

25.1.2 Foreign exchange risk relating to financing in foreign currencies

The Group's financing is centralised within Rémy Cointreau SA and is denominated in euros. The subsidiaries outside the euro zone are financed largely from these resources through intra-Group loans denominated in the currency of the borrower.

In order to hedge the foreign exchange risk on loans and borrowings issued in non-euro zone currencies, the Group arranges perfect hedges using currency swaps. Interest received is hedged by forward sales. These transactions have a maturity of between one month and one year. Rémy Cointreau lends and borrows mainly in USD, HKD, CHF and AUD.

The portfolio of financing swaps at 31 March 2005 was as follows:

Currency millions	Nominal		Exchange rate	
	Purchase	Sale	Purchase	Sale
HKD/EUR	106.490	–	10.4170	–
AUD/EUR	2.444	–	1.7002	–
CHF/EUR	1.005	–	1.5486	–
GBP/EUR	0.300	–	0.6938	–
USD/EUR	–	(35.25)	–	1.2872

25.2 Interest rate risk

As part of an interest rate risk management policy aimed principally at hedging the risk of an increase in interest rates, the Group has structured its resources by dividing its debt into a combination of fixed and variable interest rate amounts.

At 31 March 2005, the breakdown of financial debt (excluding the subordinated perpetual securities and convertible bonds) was as follows:

(€ millions)	2005
Fixed rate	386.7
Variable rate [1]	126.2
Accrued interest	5.8
Total	**518.7**

(1) The variable rate debt is covered by interest rate hedge contracts with maturities of no more than three financial years.

25.2.1. Options portfolio (medium-term)

The options portfolio at 31 March 2005 consisted purely of caps, except for one €40 million collar comprising a cap and a floor sale with a knock-in barrier in 2005/06.

(€ millions) Maturity	Nominal*	Reference rate	Guaranteed rate (inc. premium)
2005-2006	270.0	Euribor	3.80%
2006-2007	225.0	Euribor	3.84%
2007-2008	–	Euribor	–

* Nominal amounts at the end of each year.

Premiums received (paid): €(1.51) million.

From April 2005 until December 2005, the nominal value of the CAPs portfolio amounts to €330.0 million. From January 2006 until March 2006, the nominal value of the CAPs portfolio amounts to €270.0 million.

From April 2006 until December 2006, the nominal value of the CAPs portfolio amounts to €345.0 million. From January 2007 until March 2007, the nominal value of the CAPs portfolio amounts to €225.0 million.

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

The FRA portfolio at 31 March 2005 consisted of one 3-month FRA (to hedge the syndicated loan) and one 6-month FRA (to hedge the subordinated perpetual securities):

3-month FRA (€ millions):

Maturity	Nominal*	Guaranteed rate
2006		
1st quarter	110.0	2.47%
2nd quarter	120.0	2.39%
3rd quarter	80.0	2.42%
4th quarter	50.0	2.40%

* Nominal values at the end of each quarter.

6-month FRA (€ millions):

Maturity	Nominal*	Guaranteed rate
2006		
1st quarter	10.0	2.50%
2nd quarter	10.0	2.50%

* Nominal values at the end of each quarter.

It can be noted that a 6 months FRA for a nominal value of €30.0 million will mature on 16/05/2005.

At 31 March 2005, the market value of the total portfolio of forward rate agreements (excluding swaps relating to the subordinated perpetual securities) was negative by €0.2 million.

25.3. Equity swap contract

On 31 October 2001, Rémy Cointreau S.A. entered into a swap contract with a financial institution under which Rémy Cointreau pays interest at variable rates in addition to any capital losses based on the reference share price (for capital losses on the unwinding of the swap) and receives revenues from the shares (dividends and other financial rights attached to the shares) as well as any capital gains based on the reference share price (for capital gains on the unwinding of the swap).

At the outset, this contract covered a nominal value of €43 million, corresponding to 2,100,000 Rémy Cointreau shares (equivalent to a reference price of €20.52 per share), and had a maturity date of 8 November 2004.

The contract can be settled only in cash, either early (in full or in part), at the option of Rémy Cointreau, or in full on maturity.

This transaction originally formed part of the general framework for the disposal by Blekos Holding BV (formerly Bols Holding BV) of all the 2,525,282 remaining Rémy Cointreau shares held. The two transactions were carried out simultaneously.

On 28 January 2004, the maturity date of the contract was extended for a period of two years, i.e. to 8 November 2006.

In light of the partial early cancellation of 50,000 shares on 17 November 2003 and the early disposal of 24,000 shares on 28 January 2004, Rémy Cointreau unwound 1,816,000 shares early on 25 March 2004. Of the remaining 210,000 shares, Rémy Cointreau granted the financial institution the right to receive the full amount of the gain on maturity of the contract. However, in the event that the share price falls below €20.52, Rémy Cointreau will pay any shortfall on the 210,000 shares.

A net interest charge of €0.1 million was recorded for the year.

26. Pensions and similar commitments

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

(€ millions)	2005	2004	2003
Actuarial liability at the start of the year	**(118.1)**	**(132.1)**	**(130.9)**
Standard cost	(2.2)	(3.0)	(4.2)
Interest on the actuarial liability	(6.0)	(6.3)	(6.8)
Changes to the plans		(0.9)	
Decreases in the plans	1.2	4.1	
Benefits paid	6.4	6.9	4.4
Actuarial gains (losses)	(11.4)	13.1	11.9
Other (transfer)	1.1		
Actuarial liability at the year end	**(129.0)**	**(118.2)**	**(125.6)**
Value of plan assets at the start of the year	99.6	92.0	108.6
Yield	5.9	11.5	(17.7)
Contributions received	3.5	4.8	2.4
Changes to the plans	(0.5)		
Decreases in the plans		(2.8)	
Benefits paid	(5.9)	(5.8)	(4.1)
Actuarial gains (losses)	3.7		
Value of plan assets at the year end	**106.3**	**99.7**	**89.2**
Financial cover	(22.7)	(18.5)	(36.4)
Actuarial differences not recognised: (gains) losses	20.5	13.4	31.4
Cost of past services not recognised: (gains) losses	1.3	2.0	
Pension commitments	**(0.9)**	**(3.1)**	**(5.0)**
Total liabilities	**(17.1)**	**(16.9)**	**(17.2)**
Total assets	**16.2**	**13.8**	**12.2**

26.2 The cost for the year was as follows:

(€ millions)	2005	2004	2003
Standard cost	2.2	3.0	4.2
Interest on the actuarial liability	5.9	6.3	6.8
Expected return on investments	(5.9)	(6.1)	(8.7)
Amortisation of actuarial gains and losses	0.3	4.0	0.1
Amortisation of other items not recognised	0.6	0.2	
Impact of plan reductions	(1.1)	(0.7)	
Cost for the period	**2.0**	**6.7**	**2.4**
Benefits paid	(0.2)	(2.2)	(0.3)
Net cost for the period	**1.8**	**4.5**	**2.1**

26.3. The following actuarial assumptions were used:

• Average discount rate	4.5%
• Average increase in salaries	2.9%
• Average working life expectancy	6 to 10 years
• Expected yield from investments	5.7%

27. Stock options

In accordance with the authorisation given by the Extraordinary General Meeting of 7 September 2004, the meeting of the Board of Directors of 8 December 2004 granted 262,000 stock options to 30 beneficiaries. These options, which expire on 23 December 2014, are exercisable at €28.07 per share following a vesting period of four years, i.e. as from 24 December 2008.

The attached table shows details of the stock option plans in existence at 31 March 2005.

Share subscription/purchase options in existence at 31 March 2005

	PLAN no. 5 subscription	PLAN no. 6 subscription	PLAN no. 7 subscription	PLAN no. 8 subscription	PLAN no. 9 subscription	PLAN no. 10 subscription	PLAN no. 11 subscription	PLAN no. 12 purchase	PLAN no. 13 purchase
Date of the Extraordinary General Meeting	16/09/96	26/08/98	26/08/98	26/08/98	26/08/98	24/08/00	24/08/2000 and 21/09/01	21/09/01	07/09/04
Date of the Board of Directors or Management Board meeting	25/03/98	28/10/98	28/04/99	07/12/99	30/05/00	01/03/01	08/03/02	16/09/03	08/12/04
Total number of options granted	164,500	224,044	289,300	499,100	131,280	1,016,600	659,500	287,000	262,000
• of which, number of options that can be subscribed by directors and officers	100,000	72,466	119,576	127,900	61,960	200,000	275,000	180,000	40,000
• number of directors and officers concerned	7	7	10	10	9	5	5	5	1
Total number of beneficiaries	20	75	66	85	28	150	43	25	30
Exercise start date	25/03/98	28/10/98	28/04/99	07/12/99	30/05/00	01/03/03	08/03/06	16/09/07	24/12/08
Exercise expiry date	24/03/05	27/10/05	27/04/09	06/12/09	29/05/10	28/02/11	07/03/12	15/09/13	23/12/14
Exercise price	13.55	13.55	12.20	16.36	18.85	27.10	25.00	27.67	28.07
Number of options lapsed	–	–	4,700	3,400	–	32,000	–	3,000	–
Number of options exercised at 31 March 2005	164,500	175,019	183,164	264,577	34,065	65,000	8,500	–	–
Number of options outstanding at 31 March 2005	–	49,025	101,436	231,123	97,215	919,600	651,000	284,000	262,000

28. Changes in working capital requirements

(€ millions)	2005	2004	2003
Decrease (increase) in inventories			
Eaux-de-vie	33.3	33.9	26.6
other	6.2	(4.6)	8.4
Sub-total	**39.5**	**29.3**	**35.0**
Decrease (increase) in operating receivables			
trade notes and accounts receivable	3.8	19.1	19.0
other	2.7	(0.4)	14.7
Sub-total	**6.5**	**18.7**	**33.7**
(Decrease) increase in other operating liabilities			
Eaux-de-vie suppliers	(10.3)	(15.4)	(64.2)
other suppliers	(14.0)	4.7	(9.6)
other	8.1	(8.7)	(46.0)
Sub-total	**(16.2)**	**(19.4)**	**(119.8)**
Total	**29.8**	**28.6**	**(51.1)**

29. List of subsidiaries and equity investments

At 31 March 2005, the Group's consolidation scope comprised 62 companies (65 at 31 March 2004). Of these companies, 59 were fully consolidated while three were accounted for by the equity method. These companies all have a financial year end of 31 March except for Rémy de Colombia, Destileria de Jalisco and Dynasty Fine Wines Ltd, which have a 31 December year end and Maxxium International BV, which has a 30 June year end.

Company	Activity	Group interest (%) March 2005	Group interest (%) March 2004
EUROPE			
France			
Rémy Cointreau SA (1)	Holding / Finance	100.00	100.00
Gie Rémy Cointreau Sces	Holding / Finance	95.00	95.00
Rémy Cointreau Sces (1)	Holding / Finance	100.00	100.00
Financière Rémy Cointreau (1)	Holding / Finance	100.00	100.00
RC One (1)	Logistics	100.00	100.00
CLS Rémy Cointreau SA (1)	Production	100.00	100.00
SNE des Domaines Rémy Martin (1)	Other	100.00	100.00
E. Rémy Martin & Cie (1)	Production	100.00	100.00
Cognacs de Luze	Production	100.00	100.00
Storeco (1)	Production	100.00	100.00
Seguin & Cie (1)	Production	100.00	100.00
Cointreau (1)	Production	100.00	100.00
Izarra (1)	Production	100.00	100.00
SAP (1)	Production	100.00	100.00
Champ.P&C Heidsieck SA (1)	Production	99.98	99.98
Champ. F.Bonnet P&F (1)	Production	99.98	99.98
Piper Heidsieck C.C. (1)	Production	100.00	100.00
G.V. de l'Aube (1)	Production	100.00	100.00
G.V. de la Marne SA (1)	Production	99.95	99.95
Fournier & Cie - Safec (1)	Production	100.00	100.00
Sté Coopérative Prochacoop (3)	Cooperative	–	–
Sté Coopérative Champaco (3)	Cooperative	–	–
Alliance Fine Champagne (3)	Cooperative	–	–
Netherlands			
D.F.D.I. (5)	Holding / Finance	–	100.00
Rémy Finance BV	Holding / Finance	100.00	100.00
Maxxium International BV (2)	Distribution	25.00	25.00
Erven Lucas Bols NV	Holding / Finance	100.00	100.00
Distilleerderijen Erven Lucas Bols BV	Holding / Finance	100.00	100.00
Gedistilleerd en Wijn Groep Nederland BV	Other	100.00	100.00
Bols Distilleries BV	Distribution	100.00	100.00
Metaxa BV	Holding / Finance	100.00	100.00
Bokma Distillateurs BV	Holding / Finance	100.00	100.00
Lodka Sport BV	Other	50.00	50.00
Meekma Distileerderijen BV	Other	100.00	100.00
Beleggingsmaatschappij Honthorst BV	Holding / Finance	100.00	100.00
Beleggingsmaatschappij Honthorst II BV	Holding / Finance	100.00	100.00
Lelie BV	Holding / Finance	100.00	100.00
Rozengracht BV (7)	Holding / Finance	100.00	100.00
't Lootsje II BV	Holding / Finance	100.00	100.00
Wijnhandel Ferwerda & Tieman BV	Holding / Finance	100.00	100.00
Duncan, Gilby & Matheson BV	Other	100.00	100.00

Company	Activity	Group interest (%) March 2005	March 2004
Unipol BV	Other	50.00	50.00
Botapol Management BV	Holding / Finance	100.00	100.00
Botapol Holding BV	Holding / Finance	50.00	50.00
Avandis CV (2)	Production	33.33	33.33
Rest of Europe			
Hermann Joerss GmbH	Distribution	100.00	100.00
Cointreau Holding	Holding / Finance	100.00	100.00
Rémy Suisse SA	Distribution	100.00	100.00
Bols Hungary Kft	Distribution	100.00	100.00
Bols Sp.z.o.o	Production	50.00	50.00
Arima S.A (4)	Other	–	50.00
Bols Sports & Travel Sp.z.o.o	Other	100.00	100.00
S&EA Metaxa ABE	Production	100.00	100.00
NORTH AND SOUTH AMERICA			
United States			
Rémy Amérique Inc	Distribution	100.00	100.00
Rémy Cointreau Amérique Inc	Holding / Finance	100.00	100.00
Caribbean			
Mount Gay Distilleries Ltd	Production	94.98	94.98
Bols Latin America NV	Holding / Finance	100.00	100.00
Blousana Corporation AVV	Distribution	100.00	100.00
Rest of America			
Cointreau Do Brasil Ltda	Production	100.00	100.00
Destileria de Jalisco	Production	100.00	100.00
Rémy de Colombia	Distribution	98.00	98.00
ASIA/PACIFIC			
China			
Sino French Dynasty Winery (2) (6)	Production	–	33.00
Dynasty Fine Wines Group Ltd (2) (6)	Production	23.86	–
Hong Kong			
Rémy Concord Ltd	Production	100.00	100.00
Rémy Pacifique Ltd	Distribution	100.00	100.00
Australia			
BPE Pty Ltd	Other	100.00	100.00
AFRICA			
South Africa			
Erven Lucas Bols Pty. Ltd	Distribution	50.00	50.00

(1) Company is part of the French tax grouping.

(2) Accounted for by the equity method.

(3) Brandy ageing co-operatives are fully consolidated with minority interests of 100%. The Prochacoop and Champaco co-operatives were merged on 28 February 2005 to form the Alliance Fine Champagne cooperative.

(4) Disposal during the year.

(5) Company liquidated.

(6) Dynasty Fine Wines Group Ltd was floated on the Hong Kong stock exchange during 2005. Sino French Dynasty Winery's shares were contributed in exchange for 23.86% of the shares of this new company.

(7) Formerly Exploitatiemaatschappij Rozengracht BV, now called Rozengracht BV.

Statutory Auditors' Report on the consolidated financial statements

year ended 31 March 2005

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and the opinion on the financial statements is presented below. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside the consolidated financial statements. The report also includes information relating to the specific verification of information in the group management report.

This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.

(Free translation of a French language original)

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meetings, we have audited the accompanying consolidated financial statements of Rémy Cointreau for the year ended 31 March 2005.

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.

1. 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 on whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 assets, liabilities, financial position and results of the consolidated group of companies in accordance with the accounting rules and principles applicable in France.

2. Justification of assessments

In accordance with the requirements of article L. 225-235 of the French company Law *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters.

Brands are valued according to the method described in Note 1.4 of the notes to the consolidated financial statements. We have assessed the validity of the valuation method applied which is based on estimates and examined the information and assumptions used in making these valuations by your Company and its advisors. We carried out the assessment of the reasonableness of these estimates.

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 unqualified audit opinion expressed in the first part of this report.

3. Specific verification

In accordance with professional standards applicable in France, we have 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 and Paris, June 22, 2005

The Statutory Auditors

Barbier Frinault & Autres
Ernst & Young
Richard Olivier

Auditeurs et Conseils Associés SA
Member of Nexia International
François Mahé

Parent company financial statements

Balance sheet of the Parent Company
at 31 March 2005

ASSETS

(€ millions)	2005	2004	2003
Intangible fixed assets	**32.4**	**32.4**	**32.4**
Tangible fixed assets	–	–	–
Equity investments	1,377.0	1,370.7	1,370.9
Receivables relating to equity investments	6.7	25.2	23.5
Other long-term investments	–	–	–
Loans	0.8	0.7	1.7
Other financial assets	0.6	10.5	10.5
Total fixed assets (notes 2.1 and 2.2)	**1,417.5**	**1,439.5**	**1,439.0**
Other receivables (note 2.3)	667.7	644.7	782.4
Marketable securities (note 2.4)	26.3	51.2	3.6
Cash	0.9	0.3	1.4
Total current assets	**694.9**	**696.2**	**787.4**
Prepaid expenses	1.5	1.3	2.1
Deferred charges (note 2.5)	9.9	9.0	5.9
Bond redemption premium (note 2.6)	6.7	13.3	20.1
Unrealised translation losses	0.6	0.5	0.2
Total assets	**2,131.1**	**2,159.8**	**2,254.7**

LIABILITIES AND SHAREHOLDERS' EQUITY

(€ millions)	2005	2004	2003
Share capital	72.1	71.7	71.3
Share issue, merger and transfer premiums	630.7	626.4	623.7
Legal reserve	7.2	7.1	7.1
Regulated reserves	–	18.2	9.9
Other reserves	78.4	48.0	48.1
Retained earnings	17.9	97.6	48.3
Net profit (loss) for the year	(23.4)	(22.6)	101.5
Regulated provisions	91.9	76.4	62.6
Shareholders' equity (note 2.7)	**874.8**	**922.8**	**972.5**
Subordinated perpetual securities (note 2.8)	**28.3**	**51.3**	**72.4**
Convertible bonds (note 2.9)	**342.7**	**342.7**	**345.8**
Provisions for liabilities and charges (note 2.13)	**9.0**	**11.9**	**8.3**
Other bonds (note 2.10)	392.4	192.1	166.6
Loans and other financial debts (note 2.11)	298.2	268.6	256.5
Loans and amounts due to financial institutions (note 2.11)	0.2	251.5	304.6
Financial debt	**690.8**	**712.2**	**727.7**
Trade notes and accounts payable	0.6	0.1	0.1
Tax and social security liabilities	0.9	–	2.8
Amounts due to fixed asset suppliers	–	–	–
Other operating liabilities	184.0	118.8	125.1
Operating liabilities	**185.5**	**118.9**	**128.0**
Deferred income	–	–	–
Unrealised translation gains	–	–	–
Total liabilities and shareholders' equity	**2,131.1**	**2,159.8**	**2,254.7**

Income statement of the Parent Company

for the year ended 31 March 2005

(€ millions)	2005	2004	2003
Services provided (note 3.1)	15.2	17.8	15.1
Release of amortisation, depreciation and provisions, transfer of charges	4.4	7.0	0.2
Other income	–	–	–
Total operating income	**19.6**	**24.8**	**15.3**
Purchases and external costs	23.5	29.0	19.8
Taxes and duties	0.2	–	–
Wages and salaries	–	–	–
Social security charges	–	–	–
Depreciation and amortisation	2.6	2.2	2.2
Provisions for liabilities and charges	0.1	0.5	1.2
Other expenses	0.2	0.2	0.2
Total operating expenses	**26.6**	**31.9**	**23.4**
Operating profit (loss)	**(7.0)**	**(7.1)**	**(8.1)**
Financial income from equity investments	88.4	24.5	130.5
Other income from investment securities and equity investments	0.6	0.5	0.7
Other interest income	15.3	18.3	23.7
Release of provisions and transfer of charges	1.1	0.3	–
Exchange gains	–	–	0.1
Net gains on disposals of marketable securities	0.1	0.3	–
Total financial income	**105.5**	**43.9**	**155.0**
Amortisation and provisions	62.3	7.2	7.0
Interest expense	40.9	49.9	53.9
Exchange losses	–	–	–
Net charges on disposals of marketable securities	–	–	–
Total financial expense	**103.2**	**57.1**	**60.9**
Net financial income (expense) (note 3.2)	**2.3**	**(13.2)**	**94.1**
Profit (loss) on ordinary activities before tax	**(4.7)**	**(20.3)**	**86.0**
Exceptional income on revenue transactions	0.2	10.1	–
Exceptional income on capital transactions	14.0	–	15.3
Exceptional releases of provisions and transfer of charges	1.7	–	0.1
Total exceptional income	**15.9**	**10.1**	**15.4**
Exceptional expense on revenue transactions	6.1	9.3	–
Exceptional expense on capital transactions	12.9	0.1	14.4
Exceptional amortisation and provisions	15.6	18.3	12.5
Total exceptional expense	**34.6**	**27.7**	**26.9**
Net exceptional income (expense) (note 3.3)	**(18.7)**	**(17.6)**	**(11.5)**
Income tax (note 3.4)		**15.3**	**27.0**
Net profit (loss)	**(23.4)**	**(22.6)**	**101.5**

Cash flow statement

for the year ended 31 March 2005

Operating cash flow (€ millions)	2005	2004	2003
Net profit (loss)	(23.4)	(22.6)	101.5
• Amortisation, depreciation and provisions	80.5	29.7	22.9
Operating	0.1	0.4	1.2
Financial	62.3	7.4	7.0
Exceptional	15.5	18.3	12.5
Deferred charges	2.6	3.6	2.2
• Releases of amortisation, depreciation and provisions	(6.9)	(0.6)	(0.5)
Operating	(0.9)	(0.3)	(0.2)
Financial	(1.1)	(0.3)	–
Exceptional	(4.9)	–	(0.3)
• Gains on disposals			**(1.1)**
Sale proceeds	–	–	(15.3)
Net book value of assets sold	–	–	14.2
Operating cash flow	**50.2**	**6.5**	**122.8**
A – Sources			
Operating cash flow	50.2	6.5	122.8
Disposal of intangible fixed assets	–	–	–
Disposal of tangible fixed assets	–	–	–
Disposal of/reductions in financial assets	–	–	15.3
Reduction in receivables relating to equity investments	34.1	1.4	1.1
Increase in share capital and share premium	4.7	3.1	1.8
Long and medium term loans	510.0	580.1	60.0
Total	**599.0**	**591.1**	**201.0**
B – Uses			
Dividends	44.1	44.0	39.6
Acquisition of fixed assets:	58.0		5.4
• Intangible fixed asset	–	–	–
• Tangible fixed assets	–	–	–
• Financial assets	58.0	–	5.4
Increase in receivables relating to equity investments	5.7	3.3	8.8
Repayment of loans	561.9	611.4	6.4
Deferred charges	3.5	6.6	
Bond redemption premiums			
Reduction in shareholders' equity	23.8	21.1	19.3
Total	**697.0**	**686.4**	**79.5**
A – B = Change in working capital	**(98.0)**	**(95.3)**	**121.5**
Analysis of change in working capital			
Increase/decrease in trade notes and accounts payable	(0.5)	–	–
Increase/decrease in advance payments on orders			(0.2)
Increase/decrease in other current assets/liabilities including banking facilities	(97.5)	95.3	121.7
Total	**(98.0)**	**(95.3)**	**121.5**

Five-year financial summary

for the year ended 31 March

(€ millions)	2001	2002	2003	2004	2005 [1]
1. Share capital at year end					
Share capital	71.1	71.1	71.3	71.7	72.1
Number of shares in issue	44,377,621	44,459,726	44,579,941	44,779,849	45,052,661
Maximum number of shares to be created through the conversion of bonds	6,926,562	6,926,560	6,926,560	6,863,723	6,863,723
2. Results for the year					
Sales excluding taxes	17.3	12.9	15.1	17.8	15.2
Income before tax, amortisation, depreciation and provisions	118.5	29.2	97.1	(8.6)	54.1
Taxation	(13.7)	5.5	27.0	15.3	–
Income after tax, amortisation, depreciation and provisions	120.6	8.4	101.5	(22.6)	(23.4)
Dividends	39.9	39.9	44.6	44.8	45.6
3. Per share (€)					
Income after tax, but before amortisation, depreciation and provisions	2.98	0.78	2.78	0.15	1.20
Income after tax, amortisation, depreciation and provisions	2.72	0.19	2.28	(0.50)	(0.52)
Net dividend per share	0.90	0.90	1.00	1.00	1.00
4. Employees					
Number of employees	–	–	–	–	–
Total payroll	–	–	–	–	–
Staff benefits (social security and other benefits)					
Profit sharing (included in total payroll)	–	–	–	–	–

[1] Subject to approval at the AGM.

Notes to the parent company financial statements for the year ended 31 March 2005

1. Accounting principles and valuation methods

The parent company financial statements have been prepared in accordance with the provisions of the French Commercial Code and French Accounting Regulatory Commission (CRC) standard 99-03 of 29 April 1999 relating to the revised French chart of accounts.

The main accounting principles and valuation methods used are as follows:

a) Investments are recorded at their acquisition cost or transfer value less, where appropriate, any provisions required to bring them to their fair value. Fair value is determined using a number of criteria, including notably net assets, unrealised capital gains and future earnings potential.

b) Receivables and liabilities are recorded at their face value. Any such items that are denominated in foreign currency are translated at the closing rate for the year. For receivables, a provision for diminution in value is recorded, where necessary, to cover the risk of non-collection.

c) The difference arising from the valuation of foreign currency-denominated receivables and liabilities, using the closing rate, is taken to the balance sheet as an unrealised foreign currency translation gain/loss.

d) Interest-rate hedging instruments are recorded in off-balance sheet commitments.

2. Notes to the balance sheet

(€ millions)	Gross opening value	Increases	Decreases	Gross closing value
Intangible fixed assets	32.4	–	–	32.4
Equity investments	1,371.6	58.0	–	1,429.6
Other	37.5	8.7	37.1	9.1
Total	**1,441.5**	**66.7**	**37.1**	**1,471.1**

2.1. Fixed assets

The business goodwill recorded in the balance sheet assets arises from the merger with RC Pavis and has no legal protection.

The increase in equity investments relates to the acquisition of securities in the Dutch subsidiary RFBV.

The increase and decrease in other financial assets relate to loans granted to Group companies and to a disposal of own shares.

Following the reclassification of own shares as “Marketable securities” and the disposal that took place during the year, the Company held 30,000 of its own shares representing an asset value of €0.6 million at the year end.

2.2. Amortisation, depreciation and provisions

(€ millions)	Gross opening value	Increases	Decreases	Gross closing value
Equity investment	0.9	52.3	0.6	52.6
Other	1.1		–	1.1
Total	**2.0**	**52.3**	**0.6**	**53.7**

The increase in provisions on securities relates to the recognition of impairment on the investment value of some subsidiaries.
This impairment loss reflects in the financial statements of Rémy Cointreau the diminution in value of certain brands noticed in the consolidated financial statements. This amount was determined based on an impairment test performed as part of the Group’s annual closing.

2.3. Maturity analysis of receivables

(€ millions)	Gross amount	Less than 1 year	More than 1 year
Fixed assets			
Receivables relating to equity investments	6.7	6.7	–
Other financial assets	2.5	1.0	1.5
Current assets			
Other receivables	667.8	667.8	–
Prepaid expenses	1.5	1.5	–
Total	**678.5**	**677.0**	**1.5**

Other receivables relate mainly to current accounts with Group companies.

2.4. Marketable securities

(€ millions)	Gross amount	Provision for depreciation	Net amount
Other marketable securities	26.3	–	26.3
Total	**26.3**	**–**	**26.3**

Other marketable securities correspond to surplus cash at the balance sheet date invested in short-term certificates of deposit with top-tier financial institutions.

2.5. Maturity analysis of deferred charges

(€ millions)	Gross amount	Less than 1 year	More than 1 year
Loan issue costs (1)	9.4	2.5	6.9
Commissions on subordinated perpetual securities (2)	0.5	0.5	–
Total	**9.9**	**3.0**	**6.9**

(1) Costs amortised over the life of the loans.

(2) Commissions amortised over the period during which the subordinated perpetual securities bear interest, i.e. 15 years.

Bank commissions and issue costs for the new €200 million bond issued on 12 January 2005 came to €3.5 million. These charges were recognised as an expense, and subsequently capitalised and amortised over the term of the loan, i.e. 7 years.

2.6. Bond redemption premium

Redemption of the OCEANE convertible bonds issued on 30 January 2001 is expected to take place in full on maturity, i.e. 1 April 2006, including a redemption premium of 11.56% of the initial amount, i.e. €34.4 million.
The bond redemption premium is amortised on a straight-line basis over the life of the bonds, taking into account the terms and conditions under which the bonds are remunerated.

Where necessary, this premium is adjusted for each exchange, conversion or redemption request, these being the various options relating to these bonds.

2.7. Shareholders' equity

1) Share capital – structure
Share capital comprises 45,052,661 fully paid-up shares with a nominal value of €1.60 per share.
During the year, the exercise of stock options resulted in the issue of 272,812 new shares.

2) Changes in shareholders' equity

(€ millions)	31 March 2004	Allocation of income	Other movements	31 March 2005
Share capital	71.6	–	0.5	72.1
Share issue and merger premiums	626.4	–	4.3	630.7
Legal reserve	7.1	0.1	–	7.2
Regulated reserve	18.2	12.9	(31.1)	–
Other reserves	48.1	–	30.3	78.4
Retained earnings	97.6	(79.7)	–	17.9
Loss for the year	(22.6)	22.6	(23.4)	(23.4)
Regulated provisions	76.4	–	15.5	91.9
Total	**922.8**	**(44.1)**	**(3.9)**	**874.8**

2.8. Subordinated perpetual securities

Rémy Cointreau issued €304.9 million in subordinated perpetual securities on 16 May 1991. The annual interest rate applicable until 16 May 2006 is 6-month Euribor plus 1%.

The principal clauses contained in the issue terms and conditions are as follows:
- the securities, which have no fixed redemption date, will be redeemed at their par value only in the event of a winding-up subject to court order, a legal judgment requiring the complete disposal of the business, or early voluntary liquidation of the company other than by way of a merger or spin-off;
- redemption will be subordinated to the prior settlement in full of all the company's creditors, except for holders of participating loans granted to the company and any participating securities that may be issued by the company;
- the payment of interest may be suspended in the event that the consolidated financial statements disclose losses in excess of 25% of consolidated shareholders' equity, and if no dividend was payable for the previous financial year.

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

Under this agreement, the third party, through a separate agreement entered into with the subscribers to the securities, undertook to redeem the securities after 15 years and to waive the right to interest from the sixteenth year in exchange for an initial payment by the company of €82.9 million.

Due to these clauses, the securities were recorded at the time of their issue as a liability in the balance sheet at their net amount of €222 million.

Each year's net income includes the impact of the interest paid on the nominal amount of the securities less any income generated by the €82.9 million deposit. This income is treated as an annual payment allocated to repayment of the principal and therefore reduces the amount of the debt accordingly.

The securities were restructured in May 1996 as follows:
- Rémy Cointreau exercised its right to redeem the securities from the subscribers at their par value;
- the securities were sold at their current value to a debt securitisation fund (FCC), which will receive the interest income up to 15 May 2006;
- the issue contract was revised, the main changes being as follows:
  - the six-monthly interest paid by Rémy Cointreau will be reduced to a token amount with effect from 16 May 2006,
  - the clause relating to the suspension of interest payments was cancelled;
- the agreement linking the third party company that received the initial payment with the subscribers to the securities was cancelled;
- as part of this restructuring, the following financial instruments, maturing in 2006, were established:

Currency	Nominal value (€ millions)	Rate received	Rate paid
EUR	131.11	6-month Euribor	Fixed
EUR	21.34	6-month Euribor	Fixed
EUR	118.53	Variable	Fixed
EUR	25.57	Fixed	Variable

This restructuring had no effect on the accounting for the extinguishment of the debt, as, following the restructuring, this debt retains the same maturity and the same net interest charge for the company.

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

At 31 March 2005, the breakdown of the securities was as follows:

(€ millions)	2005	2004	2003
Principal sum borrowed	304.9	304.9	304.9
Repayments	(276.6)	(253.6)	(232.5)
Net amount	**28.3**	**51.3**	**72.4**
Accrued interest	10.3	9.9	9.7
Total	**38.6**	**61.2**	**82.1**

2.9. Convertible bonds

• 7.50% convertible bonds 2006

Following the authorisation granted by the Extraordinary General Meeting of 21 March 1991, the company issued 451,500 bonds at €335.38 each, convertible into shares with a nominal value of €1.52 each. These bonds can be converted at any time on the basis of one bond for sixteen shares. They bear interest at the fixed rate of 7.50% per annum. The bonds have a life of 15 years and no early redemption is permitted. To date, a total of 449,623 bonds have been converted.

• 3.50% OCEANE 2006

Following the authorisation granted by the Combined General Meeting of shareholders on 24 August 2000, the meeting of the Board of Directors of 13 December 2000 approved the issue of €300 million of bonds with the option to convert into and/or exchange for new and/or existing shares known as OCEANEs.

The main features of this OCEANE issue are as follows:
– number of bonds issued: 6,896,551,
– par value: €43.50 each,
– issued at par,
– right to interest as from 30 January 2001,
– term: 5 years and 61 days,
– interest rate: 3.50% per annum, paid annually on 1 April,
– redeemable on 1 April 2006 at €48.53 each, including a redemption premium of 11.56% of the nominal value, i.e. €34.6 million,
– early redemption at the option of the issuer with effect from 1 April 2004 if the Rémy Cointreau share meets certain quotation criteria,
– each bond may be converted or exchanged for one new or existing share at any time with effect from 30 January 2001 until the seventh working day prior to the redemption date.

On 17 October 2003, Remy Cointreau redeemed 62,837 bonds at €47.80 each. These bonds were subsequently cancelled. The redemption resulted in the principal value of the OCEANE being reduced by €2.7 million and the redemption premium by €0.3 million.

No bonds were converted during the year. A total of 23 bonds were converted or exchanged in previous years.

2.10. Other bonds

Other bonds comprise mainly the following two borrowings:
a) a €175 million 7-year bond issued on 24 June 2003 with a 6.5% coupon. Upon maturity, this bond is redeemable at par.

Most of the proceeds from this bond were used for the early redemption of an earlier €150 million bond with a 10% coupon, which would have matured in July 2005.

The issue carries a number of clauses for early redemption at the issuer's option as follows:
– before 1 July 2006, in the event of a capital increase, whether for the general public or privately placed, redemption at 106.5% on a proportional basis of up to 35% of the total par value of the bonds issued;
– at any time before 1 July 2007, redemption at par plus a premium equal to the higher of the following two amounts:
(I) 1% of the principal amount redeemed,
(II) an amount equal to the difference between: the present value on the redemption date at 103.25% plus interest calculated over the period from the redemption date to 1 July 2007. The discount rate used is the Bund interest rate on the redemption date plus 50 basis points;

– from 1 July 2007, under any circumstances, redemption of all or part of the bonds at 103.25% during 2007/2008, at 101.625% during 2008/2009, and at par during 2009/2010.
The issue contract also provides every bondholder with the right to request redemption of the bonds held at 101% in the event of (I) a "fundamental change" covering the possible sale or transfer of a substantial part of the assets of Rémy Cointreau, or (II) approval by the shareholders of a liquidation or voluntary winding-up plan of the issuer, or (III) Orpar and Récopart SA together holding less than one third of the voting rights in the issuer or being unable to appoint the majority of the Board of Directors for two consecutive years;
– at any time, but in full, in the event of a material change in the tax regime applicable to the issuer subsequent to the issue date.

b) a 7-year borrowing issued on 12 January 2005 for €200 million, with a 5.2% coupon. This bond is redeemable at par upon maturity.

The funds raised were used to reduce the amounts drawn on the syndicated loan and will permit refinancing of the OCEANE maturing on 1 April 2006.

The issue carries a number of clauses for early redemption at the issuer's option as follows:
– before 15 January 2008, in the event of a capital increase, whether for the general public or privately placed, redemption at 105.2% on a proportional basis of up to 35% of the total par value of the bonds issued;
– at any time before 15 January 2009, redemption at par plus a premium equal to the higher of the following two amounts:
  (I) 1% of the principal amount redeemed,
  (II) an amount equal to the difference between: the present value on the redemption date at 102.6% plus interest calculated over the period from the redemption date to 15 January 2009 and the principal amount of the bond. The discount rate used is the Bund interest rate on the redemption date plus 50 basis points;
– from 15 January 2009, under any circumstances, redemption of all or part of the bonds at 102.6% until 15 January 2010 excluded, at 101.3% from 15 January 2010 to 15 January 2011 excluded, and at par from 15 January 2011 onwards.

The issue contract also provides every bondholder with the right to request redemption of the bonds held at 101% in the event of (I) a "fundamental change" covering the possible sale or transfer of a substantial part of the assets of Rémy Cointreau, or (II) approval by the shareholders of a liquidation or voluntary winding-up plan of the issuer, or (III) Orpar and Récopart SA together holding less than one third of the voting rights in the issuer or being unable to appoint the majority of the Board of Directors for two consecutive years;
– at any time, but in full, in the event of a material change in the tax regime applicable to the issuer subsequent to the issue date.

These bonds are not subject to any guarantee.

2.11. Loans and other financial debts

At 31 March 2005, the confirmed banking facilities available to Rémy Cointreau SA to finance the Group (including those falling due within one year) amounted to €462.5 million, and comprised the following:

Type of facility	Principal (€ millions)	Maturity
Banking syndicate	462.5	2005 to 2008

The €500.0 million syndicated loan signed on 10 June 2003 with a group of 19 banks comprised a term facility and a revolving facility of €250 million each. The revolving facility is repayable on 10 June 2008, whereas the term facility is repayable in annual instalments as follows:
– 10 June 2004: €37.5 million
– 10 June 2005: €43.75 million
– 10 June 2006: €50.0 million
– 10 June 2007: €56.25 million
– 10 June 2008: €62.5 million

On 28 December 2004, a rider to the basic agreement was signed with a view to converting the term loan into a second revolving facility, the principal amount of which is reduced in accordance with the repayment schedule provided in the previous paragraph.

This loan is not subject to any guarantee.

2.12. Maturity analysis of debt

(€ millions)	Gross amount	Less than 1 year	1 to 5 years	More than 5 years
Other bonds	392.4	7.8	9.6	375.0
Loans and debts due to financial institutions	0.2	0.2	–	–
Loans and other financial debts	298.2	298.2	–	–
Trade notes and accounts payable	0.6	0.6	–	–
Tax and social security liabilities	0.9	0.1	0.8	–
Other	184.0	184.0	–	–
Total	**876.3**	**490.9**	**10.4**	**375.0**

2.13. Provisions

(€ millions)	Provisions			
	regulated	for liabilities and charges	for depreciation	Total
Opening balance	76.4	11.9	2.0	90.3
Charges (1)	15.5	3.3	52.3	71.1
Releases (2)	–	(6.2)	(0.6)	(6.8)
Closing balance	**91.9**	**9.0**	**53.7**	**154.6**

	(1) charges	(2) releases
– operating	–	0.9
– financial	55.6	1.1
– exceptional	15.5	1.7
– income tax	–	3.1

The releases of provisions for liabilities and charges correspond mainly to provisions for restructuring and tax risks, as a result of the settlement of related charges during the year.

In accordance with the recommendations of the French tax authorities, the company recorded a regulated provision. The charge for the year was €15.5 million, which corresponds to the potentially taxable capitalised future interest differential on the subordinated perpetual securities.

2.14. Accrued income

(€ millions)	2005
Group receivables	0.5
Other non-Group receivables	–
Total	**0.5**

2.15. Accrued expenses

(€ millions)	2005
Bonds	16,1
Loans and debts due to financial institutions	0,2
Loans and other financial debts	10,3
Trade notes and accounts payable	0,5
Tax and social security liabilities	–
Other	5,4
Total	**32,5**

3. Notes to the income statement

3.1. Analysis of services provided

Services provided totalled €15.2 million and essentially comprised services rendered to subsidiaries and sub-subsidiaries of the Rémy Cointreau Group.

The breakdown by geographic area was as follows:

France **13.3**
International **1.9**

3.2. Financial income from equity investments

Financial income from equity investments amounted to €87.8 million and related to dividends received from subsidiaries.

3.3. Exceptional income and expense

(€ millions)	2005
Sale of own shares (note 4.3)	1.1
Regulated provisions (note 2.3)	(15.5)
Restructuring	(4.3)
Total	**(18.7)**

3.4. Income tax

A) Income tax analysis

(€ millions)	Income (loss) before tax	Tax	Income (loss) after tax
Income (loss) on ordinary activities	(4.7)	–	(4.7)
Exceptional income (expense)	(18.7)	–	(18.7)
Net income (loss)	**(23.4)**	**–**	**(23.4)**

B) Movements in tax losses

(€ millions)	Base	Rate	Tax amount
Loss for the year (1)	(48.7)	–	–
Deferred depreciation	–	–	–
Losses carried forward	(48.7)	–	–
Losses brought forward still to be used	(184.0)		

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

C) Increases and reductions in future tax liabilities

(€ millions)	Base	Rate	Tax amount
Reductions			
Non-deductible provisions at 31 March 2005	25.6	34.9	8.9

3.5. Tax grouping

Rémy Cointreau elected to create a tax grouping with effect from 1 April 1993 for Group companies as provided for in Article 223A of the French General Tax Code.

The tax allocation agreement stipulates that the tax charge is borne by the companies within the tax grouping as if no such grouping existed, after applying any tax losses brought forward.

The following companies are included in the tax grouping: Rémy Martin, Seguin, Storéco, Izarra, Sté Armagnacaise de Production, Cointreau, Piper Heidsieck C.C., Champagne P&C Heidsieck, Champagne F. Bonnet, Safec, Grands Vignobles de la Marne, Grands Vignobles de l'Aube, Rémy Cointreau Services SAS, Financière Rémy Cointreau, RC One, CLS Rémy Cointreau and Société Nouvelle des Domaines Rémy Martin.

4. Other information

4.1. Related party transactions

(€ millions)	Amounts concerning related parties	equity investments
INVESTMENTS		
OTHER EQUITY INVESTMENTS (GROSS AMOUNT)	1,374.9	2.4
RECEIVABLES RELATING TO EQUITY INVESTMENTS	6.7	–
RECEIVABLES		
OTHER RECEIVABLES	645.9	1.1
LIABILITIES		
OTHER LIABILITIES	382.3	–
FINANCIAL INCOME		
INCOME FROM EQUITY INVESTMENTS	87.8	
INTEREST INCOME	21.0	–
FINANCIAL EXPENSE		
INTEREST EXPENSE	4.8	–
OPERATING INCOME	**15.2**	**–**
OPERATING EXPENSES	**19.0**	**–**
EXCEPTIONAL INCOME	**–**	**–**
EXCEPTIONAL EXPENSE	**5.7**	**–**

4.2. Off-balance sheet commitments

A – Financial commitments

The financial instruments hedging the subordinated perpetual securities (note 2.8) are reported as off-balance sheet commitments.
Other commitments:

(€ millions)	**2005**
BANKING COMMITMENTS	
VARIOUS GUARANTEES ON FINANCING LINES	1.0
GUARANTEES FOR 25% OF MAXXIUM'S DEBT (A)	34.7
TAX COMMITMENTS	
TAX GUARANTEES (B)	9.4

(A) Rémy Cointreau has guaranteed one quarter of the bank debt of Maxxium BV, as have each of the other three partners in the distribution joint venture. The maximum amount of the guarantee is €62.5 million.

(B) Bank guarantees given to the tax authorities represent guarantees for disputed tax assessments following requests for deferral of payment.

B – Equity swap contract

On 31 October 2001, Rémy Cointreau SA entered into a swap contract with a financial institution under which Rémy Cointreau pays interest at variable rates in addition to any capital losses based on the reference share price (for capital losses on unwinding of the swap) and receives revenues from the shares (dividends and other financial rights attached to the shares) as well as any capital gains based on the reference share price (for capital gains on unwinding of the swap).

At the outset, this contract covered a nominal value of €43 million, corresponding to 2,100,000 Rémy Cointreau shares (equivalent to a reference price of €20.52 per share), and had a maturity date of 8 November 2004.

The contract can be settled only in cash, either early (in full or in part), at the option of Rémy Cointreau, or in full on maturity.

This transaction originally formed part of the general framework for the disposal by Blekos Holding BV (formerly Bols Holding BV) of all the 2,525,282 remaining Rémy Cointreau shares held. The two transactions were carried out simultaneously.

On 28 January 2004, the maturity date of the contract was extended for a period of two years, i.e. to 8 November 2006.

In light of the partial early cancellation of 50,000 shares on 17 November 2003 and the early disposal of 24,000 shares on 28 January 2004, Rémy Cointreau unwound 1,816,000 shares early on 25 March 2004. Of the remaining 210,000 shares, Rémy Cointreau granted the financial institution the right to receive the full amount of the gain on maturity of the contract. However, in the event that the share price falls below €20.52, Rémy Cointreau will pay any shortfall on the 210,000 shares.

A net interest charge of €0.1 million was recorded for the year.

4.3. Sales of own shares

In connection with its share buyback programme, at 31 March 2004 Rémy Cointreau held 632,430 of its own shares, of which 509,985 shares were recorded in "Other financial assets" and 122,445 in "Marketable securities".

In March 2005, Rémy Cointreau sold 602,430 of its own shares with a repurchase option.

The sale with repurchase option will enable Rémy Cointreau to meet its commitments to cover stock options granted to certain members of staff (284,000 shares under plan no. 12 and 37,503 shares under plan no. 13) as required under the provisions of Article L. 225-179 of the French Commercial Code, which stipulates that, as from the end of the vesting period of the plans, the company must be in a position to deliver the shares to its employees. It will also limit the dilutive effect of the stock options (280,927 shares under plan no. 10). This mechanism was authorised by the French Financial Markets Authority (AMF) on 8 March 2005.

Rémy Cointreau completed the coverage of stock option plan no. 13 by acquiring 224,497 options on its own shares.

On completing these transactions, only 30,000 own shares were still recorded in other financial assets at 31 March 2005.

4.4. Stock options

In accordance with the authorisation given by the Extraordinary General Meeting of 7 September 2004, the meeting of the Board of Directors of 8 December 2004 granted 262,000 stock options to 30 beneficiaries. These options, which expire on 23 December 2014, are exercisable at €28.07 per share following a vesting period of four years, i.e. as from 24 December 2008.
The attached table shows details of the stock option plans in existence at 31 March 2005.

Rémy Cointreau share stock options granted during the year to Directors:

Beneficiaries	Number of options granted	Exercise price (euros)	Plan maturity date
Jean-Marie Laborde	40,000	28.07	23/12/14

Directors and officers who exercised stock options during the year:

Options exercised by each director or officer during the year	Total number of options or shares subscribed or purchased	Weighted average price (€)	Plan no.
François Hériard Dubreuil	10,000	30.86	8
François Hériard Dubreuil	10,000	26.00	7
Marc Hériard Dubreuil	10,000	30.86	8
Marc Hériard Dubreuil	10,000	26.00	7
Guy Le Bail	10,000	31.05	6
Hubertus van Doorne	10,000	30.00	8
Hubertus van Doorne	15,000	29.90	7

5. Post-balance sheet events

There are no items to report that would be likely to have a material impact on the interpretation of the financial statements for the year ended 31 March 2005.

List of subsidiaries and equity investments at 31 March 2005

(in currency thousands) Company	Currency	Share capital Currency	Other shareholders' equity Currency	Share of capital held %	Net book value of capital held Euro	Provisions for impairment Euro	Dividends received Euro	Previous year sales Currency	Net profit Currency	Year-end date	Loans and advances granted Euro
A) French companies											
E. Rémy Martin & cie	EUR	6,725	167,860	100.00 %	381,708	–	30,987	–	41,096	31/03/05	447,872
Seguin & Cie	EUR	661	8,240	100.00 %	7,633	–	200	–	29	31/03/05	–
Financière RC	EUR	10,000	2,121	100.00 %	10,000	–	–	1,236	411	31/03/05	–
Cointreau	EUR	4,037	117,042	100.00 %	89,103	–	45,920	–	18,334	31/03/05	110,450
Piper Heidsieck C.C.	EUR	32,115	224,374	100.00 %	326,280	–	–	1,013	2,473	31/03/05	–
Ducs de Gascogne	EUR	1.002	2,237	30.00 %	1,144	–	–	14,919	12	31/12/04	–
RC one	EUR	37	422	100.00 %	37	–	–	10,723	228	31/03/05	–
Rémy Finance BV	EUR	161	23,532	100.00 %	58,000	–	–	–	219	31/03/05	–
Other French subsidiaries	EUR	–	–	–	252	213	–	–	–	–	–
Total gross value					**874,157**	**213**					
B) Foreign companies											
Rémy Suisse	CHF	13,550	77,188	99.99 %	11,515	–	–	–	77,322	31/03/05	–
R. Concord Ltd	HKD	265,825	(6,768)	99.99 %	31,829	–	–	–	45,753	31/03/05	–
Erven Lucas Bols NV	EUR	5,000	75,339	100.00 %	511,044	52,300	10,733	–	10,733	31/03/05	–
Other foreign subsidiaries	EUR	–	–	–	1,054	67	–	–	–	–	–
Total gross value					**1,429,599**	**52,580**					
Total net value					**1,377,019**						

Stock options outstanding at 31 March 2005

	PLAN No. 5 subscription	PLAN No. 6 subscription	PLAN No. 7 subscription	PLAN No. 8 subscription	PLAN No. 9 subscription	PLAN No. 10 subscription	PLAN No. 11 subscription	PLAN No. 12 purchase	PLAN No. 13 purchase
Date of Extraordinary General Meeting	16/09/96	26/08/98	26/08/98	26/08/98	26/08/98	24/08/00	24/08/2000 et 21/09/01	21/09/01	07/09/04
Date of the Board of Directors or Management Board meeting	25/03/98	28/10/98	28/04/99	07/12/99	30/05/00	01/03/01	08/03/02	16/09/03	08/12/04
Total number of options granted	164,500	224,044	289,300	499,100	131,280	1,016,600	659,500	287,000	262,000
• of which, number of options that can be subscribed by directors and officers	100,000	72,466	119,576	127,900	61,960	200,000	275,000	180,000	40,000
• number of directors and officers concerned	7	7	10	10	9	5	5	5	1
Total number of beneficiaries	20	75	66	85	28	150	43	25	30
Exercise start date	25/03/98	28/10/98	28/04/99	07/12/99	30/05/00	01/03/03	08/03/06	16/09/07	24/12/08
Exercise expiry date	24/03/05	27/10/05	27/04/09	06/12/09	29/05/10	28/02/11	07/03/12	15/09/13	23/12/14
Exercise price	13.55	13.55	12.20	16.36	18.85	27.10	25.00	27.67	28.07
Number of options lapsed	–	–	4,700	3,400	–	32,000	–	3,000	–
Number of options exercised at 31 March 2005	164,500	175,019	183,164	264,577	34,065	65,000	8,500	–	–
Number of options outstanding at 31 March 2005	–	49,025	101,436	231,123	97,215	919,600	651,000	284,000	262,000

General Report of the Statutory Auditors

year ended 31 March 2005

(Free translation of the French original)

To the Shareholders of Rémy Cointreau,

In performance of the assignment entrusted to us by your General Meetings, we hereby present our report for the year ended 31 March 2005 on:

- The audit of the financial statements of Rémy Cointreau as attached to this report,
- The basis for our opinion, and
- The specific verifications and information required by law.

The financial statements have been approved by your Board of Directors. Our role is to express an opinion on these financial statements on the basis of our audit.

1. Opinion on the financial statements

We performed our audit in accordance with professional standards applicable in France. These standards require that we plan and perform our audit so as to obtain reasonable assurances that the financial statements are free from any material misstatement. An audit consists of an examination, on a sample basis, of evidence supporting the information contained in the financial statements. It also involves an assessment of the accounting principles used and of significant estimates made in the preparation of the financial statements, as well as their overall presentation. We believe that our audit provides a reasonable basis for the opinion expressed below.

In our opinion, the financial statements give a true and fair view of the Company's financial position and its assets and liabilities at 31 March 2005 and of the results of its operations for the year then ended, in accordance with generally accepted accounting principles in France.

2. Basis for our opinion

Pursuant to the provisions of article L.225-235 of the French Commercial Code, we have also considered the approach used to determine the amount of provisions established, relating to the basis for our opinion, we draw the following items to your attention:

Note 1 a. of the notes to the financial statements details the accounting principles and methods relating to the approach used by the Company for tracking the value of equity investments. As part of our assessment of the accounting rules and principles followed by the Company, we have verified the validity of the approach used and we have satisfied ourselves that it has been correctly applied.

The assessments performed fall within the scope of our audit approach covering the financial statements, taken as a whole, and therefore contributed to the formation of our unqualified audit opinion, as expressed in the first section of this report.

3. Specific verification and information

We also performed, in accordance with professional standards applicable in France, the specific verifications as required by law.

We have no comments to make as to the accuracy and consistency with the financial statements of the information provided in the Board of Directors' management report and in the documents issued to the shareholders on the financial situation and the financial statements.

In accordance with the law, we have ensured that you have been informed in the management report of various information relating to the acquisition of equity investments and controlling interests and to the identity of the holders of share capital and voting rights.

Neuilly-sur-Seine and Paris, 22 June 2005

The Statutory Auditors

Barbier Frinault & Autres
Ernst & Young
Richard Olivier

Auditeurs et Conseils Associés SA
Member of Nexia International
François Mahé

Special Report of the Statutory Auditors on Certain Related Party Transactions

year ended 31 March 2005

(Free translation of the French original)

To the Shareholders of Rémy Cointreau,

In our capacity as your Company's Statutory Auditors, we hereby present our report on regulated agreements.

1. Agreements authorised during the year

In accordance with Article L. 225-40 and L. 225-88 of French Company Law (Code de Commerce), we have been advised of certain contractual agreements which were authorised by your Board of Directors and Supervisory Board.

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 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 92 of the March 23, 1967 Decree, to evaluate the benefits resulting from these agreements prior to their approval.

We conducted our work in accordance with French professional standards. These standards require that we perform the necessary procedures to verify that the information provided to us is consistent with the documentation from which it has been extracted.

1.1. Disposal of part of the equity investment in E. Rémy Martin et Cie

Person concerned:

Mrs Dominique Hériard Dubreuil
Chairman of the Board of Directors

In the framework of the transformation of CLS Rémy Cointreau into a *société par actions simplifiée*, Rémy Cointreau sold the share held in the capital of this company for €10.

1.2. Disposal of part of the equity investment in the economic interest grouping Rémy Cointreau Services

Person concerned:

Mrs Dominique Hériard Dubreuil
Chairman of the Board of Directors

So as to enable CLS Rémy Cointreau to enjoy the services of the economic interest grouping Rémy Cointreau Services and to become a member of the grouping, Rémy Cointreau sold to CLS Rémy Cointreau, free of charge, ten units in the economic interest grouping Rémy Cointreau Services, which has no share capital.

1.3. Cash management agreement between Rémy Cointreau and Orpar

Persons concerned:

Mrs Dominique Hériard Dubreuil
Chairman of the Board of Directors

Mr François Hériard Dubreuil
Member of the Board of Directors

Mr Marc Hériard Dubreuil
Member of the Board of Directors

Mr Guy Le Bail
Member of the Board of Directors

This cash management agreement states that loans granted by Orpar to Rémy Cointreau through advances in current account bear interests based on Euribor 3 months adjusted with a 0,60% margin.

For the year ended March 31, 2005, the total amount of interests paid by Rémy Cointreau to Orpar is €58,744.13.

2. Agreements approved during prior years that were executed during the year

Pursuant to the decree dated 23 March 1967, we were informed that the following agreements, approved during prior years, were executed during the year.

2.1. Agreement with Orpar

The meeting of the Board of Directors of 13 December 2000 authorised the signing of a rider to the management and general support agreement signed on 7 December 1999 with Orpar. This agreement provides for an annual flat fee of €1,829,388.24 excluding taxes, plus an amount equivalent to 1/1000 of the consolidated sales.

During the financial year to 31 March 2005, the total charge, excluding taxes, borne by Rémy Cointreau S.A. was €2,734,488.24.

2.2. Marketing and management support agreement with the companies owning the brands

The amounts arising from the application of the marketing and management support agreements, calculated on the basis of 2.2% of 2004/05 sales, were as follows:

	Amount (excl. Taxes)
CLS REMY COINTREAU	€10,947,863
CHAMPAGNES P & C HEIDSIECK	€2,116,598

2.3. Shareholder’s loan

The Supervisory Board meeting of 10 June 2003 authorised a revolving credit agreement to be entered into in favour of Maxxium Worldwide B.V. jointly with the three other shareholders of this company, the commitment of each lender covering a maximum principal amount of €15 million. Rémy Cointreau SA has undertaken not to request from Maxxium Worldwide B.V. any repayment under this loan agreement for as long as an amount remains due to the various financial institutions that granted Maxxium Worldwide B.V. a revolving credit of €200 million.

The €15 million credit line was not utilised during the year.

Neuilly-sur-Seine and Paris, June 22, 2005

The Statutory Auditors

Barbier Frinault & Autres	Auditeurs et Conseils Associés SA
Ernst & Young	Member of Nexia International
Richard Olivier	François Mahé

General information on the Company and its share capital

1. General information on Rémy Cointreau

Corporate name, registered office and main administrative office

Corporate name: Rémy Cointreau S.A.

Registered office: Ancienne rue de la Champagne, rue Joseph Pataa, 16100 Cognac

Main administrative office: 21 boulevard Haussmann, 75009 Paris

Legal form and governance

Société Anonyme (French limited liability company) with a Board of Directors governed by French law and in particular by the provisions of the Commercial Code and by its bylaws.

Applicable legislation

Rémy Cointreau S.A. (hereinafter “Rémy Cointreau” or “the Company”) is a company subject to French law.

Date established - Duration

The Company was established on 3 March 1975 and will terminate on 30 September 2073.

Objects

Rémy Cointreau’s objects pursuant to Article 2 of its bylaws are as follows:

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

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

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

– in general, any commercial, financial, industrial, property or real estate which are directly in indirectly related, in whole or in part, to the aforementioned objects or to any similar or related object.

Register of companies and registration number

Rémy Cointreau is registered at the Registre du Commerce et des Sociétés de Cognac under the number 302 178 892. APE Code 741 J.

Inspection of legal documents of the company

Legal documents may be inspected at the registered office whose address is provided above.

Financial year

Every financial period commences on 1 April and ends on 31 March of the following year. The duration of the accounting period is one year.

Allocation of profits

Out of the Company’s profits in each financial year, after setting aside a provision to establish the legal reserve, which must be at least equal to the minimum required, the General Meeting may, profit permitting, on the proposal of the Board of Directors, allocate the profit to one or more reserve funds for which it regulates the allocation or use, to carry forward or distribute as dividends among the shareholders.

After reviewing the reserves at its disposal, the General Meeting may decide to distribute amounts drawn from these reserves. In this event, the decision should expressly specify which reserve accounts have been drawn down.

General Meetings

Shareholders’ Meetings are called and held under the conditions stipulated by law.

These meetings are held either at the registered office or at another venue specified in the notice of the meeting.

Right of admission to meetings

Any shareholder may participate in these meetings either personally or by intermediary, by mail or by proxy addressed to the Company. Shareholders must show proof of their identity and ownership of their fully paid shares, at least three days prior to the General Meeting of shareholders.

Right of vote

Pursuant to the resolution approved at the General Meeting of 16 December 1991, share voting rights are in proportion to the share of capital that they represent.

At equivalent nominal value, each share entitles the holder to one vote.

However, a share entitles the holder to two votes, in relation to the share capital that it represents, in the following cases:
– any shareholder who has held fully paid shares in nominative form in the same name for at least four years;

– for each nominative share attributed to the shareholder, in the event of a capital increase by way of capitalisation of reserves, profits or premiums, on the basis of existing shares for which such shareholder already enjoys double voting rights.

This double voting right ceases for all shares converted to bearer shares or whose ownership is transferred. However, the four-year timeframe set is not affected for acquired rights by any transfer by succession, liquidation of joint estate of spouses, or inter-vivo gifts, for the benefit of an inheriting spouse or parent.

Only shareholders who fulfil the following criteria may participate in Meetings, vote by letter or be represented:
– their nominative shares must be registered at least three days before any Meeting;

– for shares in bearer form, a certificate from an authorised intermediary must be produced within the same time limit, stating that the relevant shares will remain blocked in the account until the day after the Meeting.

Entry passes for Meetings will be sent to all shareholders and are available upon request from Société Générale, Service Assemblées Générales (General Meeting Services), 32 rue du Champ de Tir, Nantes 44000, France, or from the authorised banks, on presentation, for bearer shares, of a certificate stating that the shares are held as indicated above.

Declaration of crossing thresholds

In accordance with the bylaws, any shareholder (individual or company), acting either alone or in concert, who acquires in any manner, as set out in Article L.233-7 and subsequent of the Commercial Code, a fraction equal to one per cent (1%) of the share capital or voting rights, or any multiple of this percentage, must notify the Company of the total number of shares held within five days of crossing one of these thresholds. This also applies each time that the fraction of share capital or voting rights held becomes less than one of the thresholds stated above.
In the event of non-compliance with this provision, and upon the request of shareholders holding at least 1% of the share capital, the shares exceeding the fraction which should have been declared will be deprived of voting rights at all Meetings held until the expiration of the timeframe provided for by law and regulations in force following the date of regularising the notification.

The intermediary registered as the holder of the shares pursuant to paragraph 3 of Article L.228-1 of the Commercial Code is required, without prejudice to the obligations of the owners of the shares, to make the declarations so required by the first paragraph above for all of the shares of the company for which he/she is registered as the holder.

Identification of shareholders

The Company is legally entitled to request, in accordance with the legal terms and conditions, the identity of those shareholders holding shares, which immediately or subsequently give rise to voting rights.

In order to identify the holders of securities, the Company is entitled to request at any time, at its own expense, from the share registrars, the name or, if it is a company, the corporate name, nationality, year of birth or establishment, and address of holders of securities that have the right immediately or in the future to vote at the Company's meetings, as well as the number of securities held by each of them and, where applicable, the restrictions that may apply to those securities and more generally to make use of Article L.228-2 of the Commercial Code concerning identification of holders of securities that confer the right immediately or in the future to vote at the Company's meetings.

2. General information on the share capital

Change to the share capital and shareholders' rights

The share capital may be increased by a decision taken by an Extraordinary General Meeting. However, where a capital increase is carried out by incorporation of reserves, profits or share premium, the relevant Extraordinary General Meeting will set the quorum and majority required in an Annual General Meeting.

Capital increases are decided or authorised by an Extraordinary General Meeting which sets the terms for an issue of new shares and grants all powers to the Board of Directors to carry this out in a period that may not exceed 26 months.

The Extraordinary General Meeting may decide to reduce the share capital, particularly by way of repurchase of shares or reduction in their nominal value, or again, by reduction in the number of shares in accordance with legal requirements.

The share capital may also be written down in accordance with the law.

Share capital at 31 March 2005

At 31 March 2005, the share capital was €72,084,257.60 divided into 45,052,661 shares of €1.60 each, all of one class, fully paid and carrying 71,896,859 voting rights.

Form of shares: fully paid shares are in nominative or bearer form, at the shareholder's choice.

Authorisation to trade in the Company's shares

In February/March/April 2003, the Company purchased on the stock market 149,340 of its own shares, pursuant to the last three share repurchase programmes. In June and September 2003, the Company sold 26,895 of its own shares, pursuant to the last two share repurchase programmes, and on 24 March 2005, sold 602,430 shares within the framework of a selling and repurchase agreement. In order to maintain comprehensive coverage of its share repurchase plans and to partially manage the dilution resulting from the exercise of one of these share subscription plans, a resolutive clause was included in the last sale. This transaction was supplemented by the purchase by the Company of 224,497 call options from Barclays Bank PLC on 24 March 2005. The whole transaction enables Rémy Cointreau to meet the exercise of a maximum of 826,927 share subscription or purchase options.

At 31 March 2005, the Company held 30,000 of its own shares.

The Combined General Meeting of Rémy Cointreau of 7 September 2004, in its thirty fifth resolution, authorised the Board of Directors, for a period ending at the conclusion of the General Meeting called to consider the financial statements for the year ended 31 March 2005 and, at the latest, within a period of eighteen months from 7 September 2004, to purchase, or sell shares in the Company, up to 10% of the current share capital, which is 3,845,554 shares, with Treasury shares deducted.

The maximum amount that the Company may pay on the basis of this number of shares is €192,277,700.

The share repurchase programme is designed to achieve the following, in order of priority:

– to stabilise the price of the Company's shares on the Stock Market by trading systematically against the trend;

– to allocate the shares following the exercise of rights attached to marketable securities giving right by conversion, exchange, redemption, presentation of a warrant, or a combination of these, or in any other manner to allocate existing shares in the company;

– to grant options to employees and/or executives of the Company and the Group, to purchase shares;

– to offer employees the option to acquire shares directly, or by way of a company investment fund as prescribed by the law, particularly Article L.443-1 and subsequent of the Labour Code;

– to use the shares for acquisition by exchanging shares, or as consideration, or in any other manner likely to improve the terms of the transaction;

– to use the shares as consideration for restructuring and particularly mergers within the framework of stock market regulations;

– to cancel the shares, subject to the adoption of the fifteenth resolution, in order to increase the return on capital and earnings per share;

– to retain the shares or to dispose of or transfer them, where appropriate, as part of an active management of resources, taking into account funding requirements.

The purchase of these shares, as well as their sale or transfer, may be carried out at any time, including during the period of a public takeover bid, subject to periods of abstention, provided by Article 731-6 of AMF general regulations or other legal or regulatory provisions, and by any means, on the market or over the counter, including block transactions and the use of derivative financial instruments, particularly options, so long as they do not significantly increase the volatility of the share price. Share capital acquired or transferred in blocks may account for all of the authorised share repurchase programme.

As part of these objectives, the repurchased shares may be cancelled in accordance with the fifteenth resolution of the same Meeting up to 10% of the share capital per period of twenty-four months.

The maximum purchase price is €50 and the minimum sale price is €22 per share.

An information note in respect of this programme received Authorisation No. 04-710 from the Autorité des Marchés Financiers on 2 August 2004.

The European regulation of 23 December 2003, which was effective from 13 October 2004 and related to rules for the application of the Directive of 28 January 2003, had a substantial impact on the scope and rules of application of this repurchase programme.

Authorised capital

Authorisation to grant options to subscribe for or purchase shares

The authorisation was given by way of the seventh resolution of the Combined General Meeting of Rémy Cointreau on 7 September 2004 to the Board of Directors, for a period of thirty eight months from 7 September 2004, to grant, on one or more occasions, to employees of the Company or companies or G.I.E covered by Article L.225-180 of the Commercial Code, or certain of them, as well as the management of the Company or companies or GIE covered by Article L.225-180 of the Commercial Code, options to subscribe for new shares in the Company, to be issued by way of an increase in capital, or options to purchase shares in the Company arising from a repurchase pursuant to the provisions prescribed in Articles L.225-208 or L.225-209 and subsequent of the Commercial Code. The total amount of options granted under the present authorisation may not give a right to a number of shares representing more than 3% of the share capital of the Company.

The subscription price or the share price shall be set by the Board of Directors the day the option is granted within the limits prescribed by law. Share subscription or purchase options may not be granted during periods forbidden by law.

In any event, the issue price for options to subscribe must not, on the day the option is granted, be lower than 80% of the average share price of the twenty trading days preceding the issue date. In the event of the grant of options to purchase, the purchase price of the shares may not be lower than either 80% of the average share price of the twenty trading days preceding the date of grant, or 80% of the average purchase price of the shares held by the Company pursuant to Articles L.225-208 and/or L.225-209 of the Commercial Code.

This price may only be revised in accordance with circumstances provided by law at the time of financial transactions or share transactions. The Board of Directors will then, in accordance with regulations, make an adjustment to the number and price of the shares included in the options granted to take account of the effect of these transactions.

The options must be exercised within a period of ten years from the date they are granted.

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

The Combined General Meeting of 7 September 2004, in its eighth resolution, authorised the Board of Directors, in accordance with the provisions of paragraphs II and III of Article L.225-129 of the Commercial Code, for a duration of 26 months from 7 September 2004, to increase the share capital, on one or more occasions, at the times and in accordance with the methods that it shall determine, by incorporation into capital of reserves, profits, or premiums, followed by the creation and bonus issue of shares or the increase in the nominal value of existing shares, or a combination of these two methods.

Fractional rights are not negotiable and the corresponding shares will be sold, the amounts resulting from the sale being allocated to the holders of rights at the latest thirty days after the date of registration of the total number of shares allocated.

The amount of the capital increase that may be carried out under this authorisation may not exceed the nominal amount of €70,000,000, set independent of the maximum limit of increases resulting from the issue of marketable securities authorised by this same Meeting.

This authorisation has not been used to date.

Delegation to the Board of Directors to issue various marketable securities, with or without shareholders’ pre-emption rights

The Combined General Meeting of 7 September 2004, in its ninth resolution, delegated to the Board of Directors, in accordance with the provisions of Articles L.225-129, L.225-129-2 and L.228.92 of the Commercial Code, the powers required to proceed, on one or more occasions, in France and/or abroad and/or on the international market, with a maintained pre-emption right for shareholders, in euro, foreign currencies or any monetary unit established by reference to a number of currencies, to issue shares in the Company (other than preference shares) as well as marketable securities of whatever nature, giving access to capital by conversion, exchange, repayment, presentation of a warrant, a combination of these, or in any other way, to the granting immediately and/or subsequently, at any time or a set date, to a share in the capital of the Company and this, within the limit of a total nominal ceiling of a capital increase of €30,000,000, in common with the ninth and tenth resolutions, and a total nominal ceiling of debt securities in common with all the debt securities whose issue is delegated to the Board of Directors by virtue of the same Annual and Extraordinary General Meeting, of €750,000,000.

The Board of Directors may decide to substitute Treasury shares for shares to be issued under this resolution.

The issues decided by virtue of this delegation must be carried out within a time period of 26 months from 7 September 2004.

The same Meeting, in its tenth resolution, delegated to the Board of Directors the powers to issue various marketable securities as mentioned above, with suppression of pre-emption rights.

The Board of Directors may decide to substitute Treasury shares for shares to be issued under this resolution.

It will be proposed at the Combined General Meeting of 28 July 2005 that these authorisations be renewed in order to extend them to marketable securities giving access to debt instruments.

Delegation to the Board of Directors to issue shares representing the share capital of the Company as a result of the issue, by controlled companies, of marketable securities giving, in time, access to the Company's share capital

The same Combined General Meeting of 7 September 2004, in its tenth resolution, in view of the issue of shares and marketable securities giving access to the capital of the company which shall give right to marketable securities that may be issued, by companies where Rémy Cointreau holds directly or indirectly more than half the share capital, subject to the approval of the Board of Directors of Rémy Cointreau, delegates to the Board of Directors the necessary powers to proceed with the issue of capital securities in Rémy Cointreau to which these marketable securities give the right, and this up to a total nominal ceiling of a capital increase of €30,000,000, in common with the ninth and tenth resolutions.

In this context, Rémy Cointreau shareholders do not have a pre-emption right to these marketable securities issued by these companies.
The issues decided by virtue of this delegation must be carried out within a time period of 26 months from 7 September 2004.

It will be proposed at the Combined General Meeting of 7 September 2004 that this authorisation be renewed in order to extend it to marketable securities giving access to debt instruments.

Authorisation to the Board of Directors to use the delegations to issue and to reduce capital in the event of a public offer for the Company

The Combined General Meeting of 7 September 2004, in its fifteenth resolution, expressly decided that all delegations to increase the Company's capital by the issue of shares and other securities that have not been reserved, as well as the delegations to reduce capital, which are available to the Board of Directors by virtue of the above resolutions of the Combined General Meeting, may be used at the time of a public offer to purchase or exchange shares in the Company, in accordance with conditions provided by law. Use of these delegations must therefore come into Rémy Cointreau's ordinary business operations and their implementation must not be likely to make the public offering fail.

Securities not representative of capital

Nil.

However, in 1991, Rémy Cointreau issued 400 Perpetual Subordinated Notes amounting to FFr 2,000,000,000 (€304,898,034.47) in value. Remy Cointreau also issued on 24 June 2003 seven year senior loan notes of €175 million, and on 5 January 2005, seven year senior loan notes of €200 million. The majority of this latter loan was used to reduce amounts drawn down on the 2004-2008 syndicate credit and will enable the partial repayment of the OCEANE loan maturing in April 2006.

The features of these two are described in notes 2.8 and 2.10, respectively, to the parent company accounts of Rémy Cointreau at 31 March 2003.

Other securities giving access to capital

Convertible loan note

On 21 March 1991, the Company issued a convertible loan note for FFr 993,300,000 (€151,427,608.82), representing 451,500 convertible bonds, for a period of fifteen years and carrying interest at 7.5% per annum. These bonds may be converted at any time.

To date, 449,623 bonds have been converted and 1,877 bonds, representing 30,032 shares, remain to be converted.

Convertible loan notes with the option of conversion and/or exchange for new/existing shares (OCEANEs)

Pursuant to the authorisation conferred by the Combined General Meeting of 24 August 2000, the Board of Directors' meeting of 12 December 2000 elected to issue loan notes at par with an option of conversion and/or exchange into new and/or existing shares in the amount of €300 million, representing 6,896,551 loan notes. The term of the loan notes is five years and sixty-one days, bearing an annual interest rate of 3.50%, due on 1 April each year. Each loan note may be converted into or exchanged for one new or existing share, at any time, from 30 January 2001, until seven working days preceding the redemption date. On 17 October 2003, Rémy Cointreau repurchased 62,837 of these loan notes, which were then cancelled. To date, twenty-one loan notes have been converted into new shares and two loan notes have been exchanged for existing shares, and there remains to be converted or exchanged 6,833,691 loan notes, which correspond to 6,833,691 shares in the event of their conversion.

Authorisation to issue securities giving access to capital

The Combined General Meeting of 16 September 1996 authorised the Board of Directors to grant, on one or more occasions during a period of five years, to employees or management of the Company and the companies or GIE covered by Article 208-4 of the law on commercial companies (Article L225-180 of the Commercial Code), options carrying the right to subscribe for new shares in the Company that may represent up to 1% of the share capital of Rémy Cointreau.

The Board of Directors' meetings of 4 December 1996 and 25 March 1998 granted all the corresponding options. These plans expired on 3 December 2003 and 24 March 2005 respectively and options outstanding at 31 March 2004 have been fully exercised.

The Combined General Meeting of 26 August 1998 authorised the Board of Directors to grant, in accordance with the previous terms and conditions, options to subscribe for new shares in the Company, up to a maximum of 3% of the share capital of Rémy Cointreau.

The Board of Directors' meetings of 28 October 1998, 28 April and 7 December 1999, and 30 May 2000 allocated in full the corresponding options. The number of options outstanding at 31 March 2005 was 477,799.

The Combined General Meeting of 24 August 2000 authorised the Board of Directors to grant, in accordance with the same conditions as previously discussed, options giving the right to subscribe to new shares in the Company, up to a maximum of 3% of the share capital of Rémy Cointreau. The Board of Directors meetings of 1 March 2001 and 8 March 2002 allocated in full the corresponding options. The number of options outstanding at 31 March 2005 was 1,223,100.

The Combined General Meeting of 21 September 2001 authorised the Management Board to grant, within the same terms and conditions as previously, options giving right to subscribe to new shares or purchase shares in the Company up to a maximum of 3% of the share capital of Rémy Cointreau. The Board of Directors meetings of 8 March 2002 and 16 September 2003 allocated 634,500 options including 287,000 options to purchase shares in the Company. No option had been exercised as at 31 March 2005.

Share subscription and purchase option plans in effect at 31 March 2005

	Plan No. 6 Subscription	Plan No. 7 Subscription	Plan No. 8 Subscription	Plan No. 9 Subscription	Plan No. 10 Subscription	Plan No. 11 Subscription	Plan No. 12 Purchase	Plan No. 13 Purchase
Date of Extraordinary General Meeting	26/08/1998	26/08/1998	26/08/1998	26/08/1998	24/08/2000	24/08/2000 et 21/09/01	21/09/2001	07/09/2004
Date of Management Board/ Board of Directors Meeting	28/10/1998	28/04/1999	07/12/1999	30/05/2000	01/03/2001	08/03/2002	16/09/2003	08/12/2004
Total number of options allocated	224,044	289,300	499,100	131,280	1,016,600	659,500	287,000	262,000
• including number of options that may be subscribed to by members of corporate governance bodies	72,466	119,576	127,900	61,960	200,000	275,000	180,000	40,000
• number of members concerned	7	10	10	9	5	5	5	1
Total number of beneficiaries	75	66	85	28	150	43	25	30
Options valid from	28/10/1998	28/04/1999	07/12/1999	30/05/2000	01/03/2003	08/03/2006	16/09/2007	24/12/2008
Expiry date	27/10/2005	27/04/2009	06/12/2009	29/05/2010	28/02/2011	07/03/2012	15/09/2013	23/12/2014
Share subscription price (€)	13.55	12.20	16.36	18.85	27.10	25.00	27.67	28.07
Number of options lapsed	–	4,700	3,400	–	32,000	–	3,000	–
Number of options exercised and shares subscribed to at 31 March 2005	175,019	183,164	264,577	34,065	65,000	8,500	–	–

No other securities exist giving access to the Company's share capital.

Movement in share capital

Dates	Description	Number of new shares issued	Share premium (Francs)	Share premium (Euros)	Share capital (Francs)	Share capital (Euros)	Number of shares
21.03.1991	Capital increase contribution in kind	374,582 shares FFr 100 each	contribution 377,403,520		127,758,200		1,277,582
16.12.1991	10 for 1 share split Bonus issue of 6 new shares for every 10 existing shares				204,413,120		20,441,312
	Contribution in kind resulting from the merger absorption of Rémy & Associés	9,182,533 FFr 10 each	merger: 1,467,318,152		296,238,450		29,623,845
31.03.1994	Capital increase by conversion of bonds	94,400 shares FFR 10 each	issue: 12,390,000		297,182,450		29,718,245
	and by exercise of share subscription options	10,868 shares FFR 10 each	issue: 1,467,180		297,291,130		29,729,113
31.03.1995	Capital increase by conversion of bonds	1,019,200 shares FFR 10 each	issue: 133,770,000		307,483,130		30,748,313
	and by exercise of share subscription options	5,743 shares FFR 10 each	issue: 775,305		307,540,560		30,754,056
31.03.1996	Capital increase by conversion of bonds	6,080,368 shares FFR 10 each	issue: 798,048,300		368,344,240		36,834,424
4.12.1996	Capital increase following the payment of dividends in shares	1,278,989 shares FFR 10 each	issue: 127,272 195.39		381,134,130		38,114,413
31.03.1998	Capital increase following the exercise of share subscription options	10,753 shares FFR 10 each	issue: 1,070,031.03		381,241,660		38,124,166
31.03.2000	Capital increase following the exercise of share subscription options	58,064 shares FFR 10 each	issue: 4,803,202.52		381,822,300		38,182,230

Dates	Description	Number of new shares issued	Share premium (Francs)	Share premium (Euros)	Share capital (Francs)	Share capital (Euros)	Number of shares
30.05.2000	Capital increase following the conversion of share capital into euro by transfer from available reserves	0			61,091,568		38,182,230
30.06.2000	Capital increase following the exercise of share subscription options	198,332		2,518,696.16		61,408,899.20	38,380,562
13.10.2000	Capital increase following the exercise of share subscription options	78,659		1,082,396.96		61,534,753.60	38,459,221
	and by the payment of dividends in shares	867,048		26,540,339.28		62,922,030.40	39,326,269
19.12.2000	Capital increase contribution in kind	5,000,000		162,000,000		70,922,030.40	44,326,269
31.03.2001	Capital increase following the exercise of share subscription options	51,331		738,739.46		71,004,160.00	44,377,600
	Capital increase following the conversion of OCEANE securities	21		879.90		71,004,193.60	44,377,621
31.03.2002	Capital increase following the exercise of share subscription options	82,105		1,154,348.38		71,135,561.60	44,459,726
31.03.2003	Capital increase following the exercise of share subscription options	120,215		1,624,950.23		71,327,905.60	44,579,941
31.03.2004	Capital increase following the exercise of share subscription options	199,908		2,759,676.45		71,647,758.40	44,779,849
31.03.2005	Capital increase following the exercise of share subscription options	272,812		4,254,831.72		72,084,257.60	45,052,661

No significant movement occurred in the capital following the increase by contribution in kind on 19 December 2000, with the exception of the company Arnhold and S. Bleichroeder Advisers, LLC that held 11.97% of the share capital and 7.5% of the voting rights at 31 March 2005. At 27 April 2005, it held 13.40% of the share capital and 8.4% of the voting rights.

In addition, following the sale and repurchase agreement signed with Barclays Capital Securities Ltd, relating to 602,430 Treasury shares, this company held 1.37% of the share capital and 0.85% of the voting rights at 31 March 2005.

3. Current analysis of shareholders and voting rights

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

Share ownership analysis at 31 March 2005

SHAREHOLDERS	Situation at 31/03/2005			Situation at 31/03/2004			Situation at 31/03/2003		
	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights
ORPAR	19,831,197	44.02	55.17	19,831,197	44.29	55.85	19,831,197	44.48	56.03
RECOPART	6,270,339	13.92	17.21	6,100,000	13.62	17.18	6,100,000	13.68	17.23
Arnhold and S. Bleichroeder, LLC	5,392,067	11.97	7.50	4,476,917	9.99	6.30	0	0	0
REMY COINTREAU (Treasury shares)	30,000	0.07	0	632,430	1.41	0	655,573	1.47	0
Public	13,529,058	30.02	20.12	13,568,966	30.31	20.43	17,822,832	39,98	26,49
Total	**45,052,661**	**100.00**	**100.00**	**44,779,849**	**100.00**	**100.00**	**44,579,941**	**100.00**	**100.00**

There are shares with double voting rights.

The employee savings plan represents less than 1% of the share capital of Rémy Cointreau.

It is the sole means by which Rémy Cointreau personnel hold shares in the Company.

The Company is aware of the existence of the following concert relationship and shareholders' agreement between Orpar and the shareholders of Récopart.

In accordance with Article 13.1 of Récopart's bylaws, shareholders holding category B shares, of which 99.99% are held by Orpar, are entitled to submit to the Supervisory Board candidates for two positions on the Management Board. As a result, two executive officers from Orpar, namely François Hériard Dubreuil and Marc Hériard Dubreuil, were appointed as Chairman and Member of the Management Board of Récopart, respectively. The aim of this provision is to ensure that the shareholders of Récopart and of Orpar act in concert with respect to the exercise of voting rights attached to the 6,270,339 Rémy Cointreau shares held by Récopart.
In addition, Orpar holds a purchase option on the Rémy Cointreau shares owned by Récopart. Orpar may exercise this option if a third party submits an offer with a view to acquiring control of Rémy Cointreau. The shareholders' agreement will expire on 27 June 2011, unless explicitly extended for one or more successive periods of five years.

Board of Directors shares and voting rights ownership at 31 March 2005

Shareholders	Shares	%	Shares with double voting rights	Voting rights	%
Mrs. Dominique Hériard Dubreuil	2,466	0.00	266	2,732	0.00
Mr. François Hériard Dubreuil	100	0.00	10	110	0.00
Mr. Marc Hériard Dubreuil	100	0.00	10	110	0.00
Mr. Pierre Cointreau	100	0.00	50	150	0.00
Mr. Brian Ivory	100	0.00	0	100	0.00
Mr. Jürgen Reimnitz	100	0.00	0	100	0.00
Mr. Patrick Duverger	523	0.00	523	1,046	0.00
Mr. Guy Le Bail	10,101	0.00	1	10,102	0.02
Mr. Xavier Bernat	100	0.00	0	100	0.00
Mr. Håkan Mogren	100	0.00	0	100	0.00
Total	**13,790**	**0.00**	**860**	**14,650**	**0.03**

The Company holds 30,000 Treasury shares. The features of the share repurchase programme authorised by the General Meeting of 7 September 2004 are described in paragraph General Information on the Company and its share capital.

The options (convertible bonds – OCEANEs and share subscription options) are described in paragraph 3.2.4 of Chapter III of this Reference Document. The maximum potential dilution is referred to in the notes to the consolidated financial statements.

Changes in share capital during the last three years

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

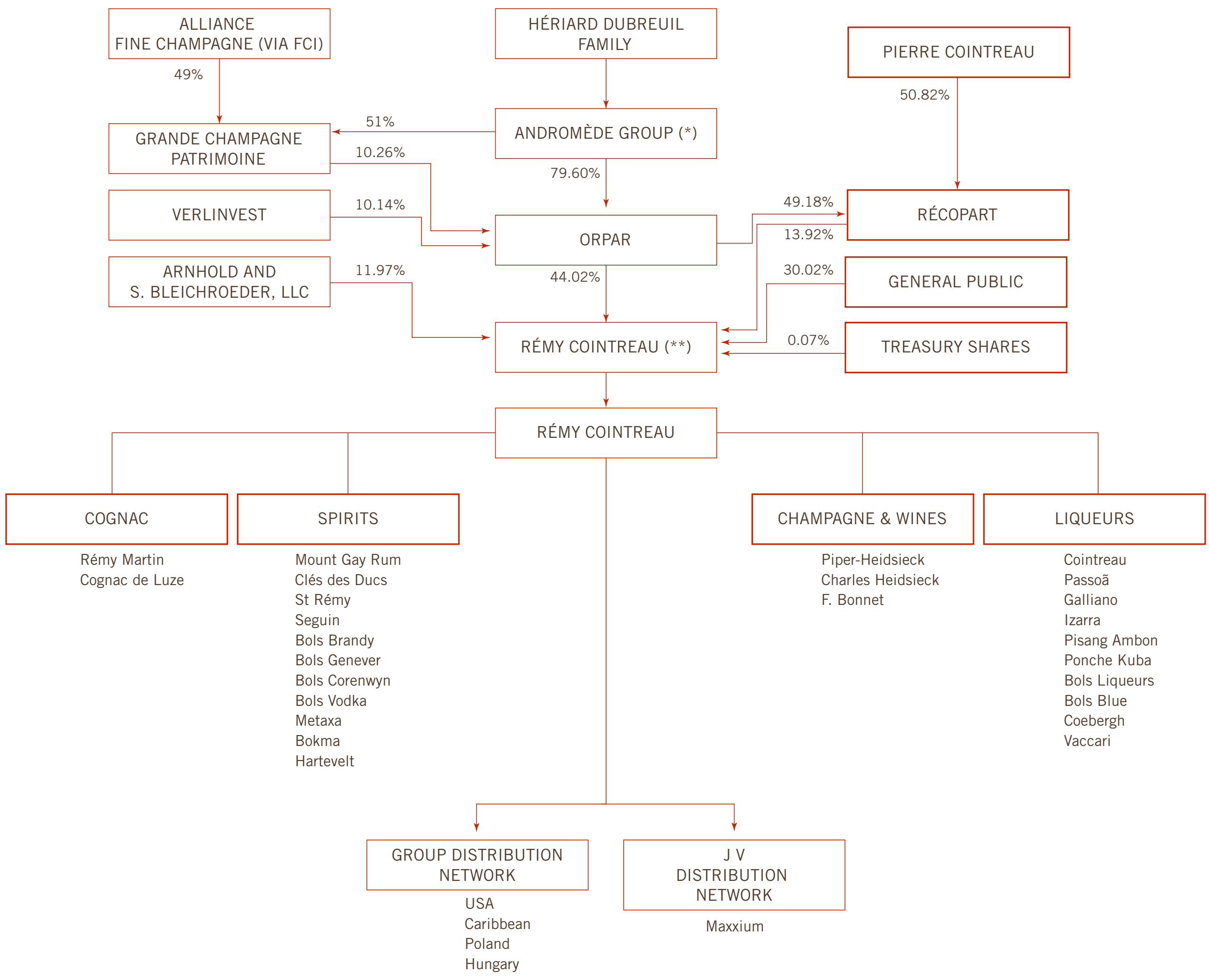
During the course of the 2003/04 financial year, the share capital increased by €319,852.80 to €71,647,758.40, as a result of the exercise of 199,908 options. At closing, Orpar held more than one-third of the share capital and more than half the voting rights. Récopart held more than 10% of the share capital and voting rights. The Company Arnhold and S. Bleichroeder, LLC held over 5% of the share capital and voting rights.

During the course of the 2004/05 financial year, the share capital increased by €436,499.20 to €72,084,257.60 as a result of the exercise of 272,812 options. At closing, Orpar held more than one third of the share capital and over half of voting rights. The Company Récopart held over 10% of the share capital and voting rights. The Company Arnhold and S. Bleichroeder, LLC held over 10% of the share capital and more than 5% of voting rights.

Persons that control the company and details of their shareholding

At 31 March 2005, Orpar was 84.83% owned by Andromède, which is controlled by the Hériard Dubreuil family.
At 31 March 2005, Orpar held 19,831,197 shares in Rémy Cointreau, giving it 39,662,394 voting rights.

Ownership Structure and Organisation Chart at 31 March 2005



(*) Rémy Cointreau is consolidated within the Andromède Group.

(**) Only Rémy Cointreau shares are traded on the Stock Market.

4. Share price performance

Stock Market Listing

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

Rémy Cointreau share performance over the last 18 months

(In €)	Trading volume	Average price	High price	Low price	Trading value (€m)
January 04	1,127,626	26.07	28.80	25.12	29.72
February 04	1,312,379	27.82	28.92	26.50	36.29
March 04	7,192,180	27.83	29.39	25.90	190.52
April 04	1,863,790	27.70	28.10	26.26	51.41
May 04	831,164	27.64	28.68	26.54	23.09
June 04	1,383.252	26.85	27.70	25.53	36.82
July 04	986,921	27.15	27.80	26.25	26.77
August 04	833,739	28.15	28.92	27.00	23.48
September 04	965,882	28.15	29.05	27.10	27.05
October 04	1,465,633	26.72	27.69	25.60	38.97
November 04	1,783,426	27.28	28.50	26.44	48.86
December 04	1,998,156	28.44	30.40	27.00	56.63
January 05	1,370,928	30.35	31.37	29.34	41.46
February 05	1,137,268	31.58	32.10	30.50	35.83
March 05	1,044,628	31.16	32.36	29.17	32.19
April 05	1,782,471	33.09	34.40	31.64	58.94
May 05	901,893	33.61	34.33	33.57	30.26
June 05	1,785,051	35.82	37.62	33.40	63.76

At 31 March 2005, Rémy Cointreau's market capitalisation amounted to €1,457 million.

Dividends

Allocation of 2004/05 profit

The Board of Directors will propose, for approval at the General Meeting of Rémy Cointreau shareholders on 28 July 2005, the following allocation of profit:

(in €)

• Loss for the year to 31 March 2005	(23,361,831.91)
• Retained earnings – opening balance	17,940,516.81
• Increased by a non-recurring reserve of	78,365,679.50
Total distributable profit:	72,944,364.40
Allocation to legal reserve	43,649.92
distribution of dividends of €1.00 per share	45,052,661.00
balance carried forward:	27,848,053.48
Total	**72,944,364.40**

The dividend to be distributed among individual shareholders is fully entitled to a 50% tax reduction, as provided by Article 158-2, 2 of the General Taxation Code.

Payment of dividends in shares

In considering the financial statements for the year, the General Meeting may grant every shareholder, for all or part of the dividend distributed, an option between payment of the dividend in cash or in shares.

This facility was used by the General Meeting of shareholders of Rémy Cointreau of 24 August 2000 in respect of the dividend distributed for the 1999/2000 financial year.

Prescription

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

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