PERNOD RICARD
Limited Company with a share capital of € 410, 318,794.65
Registered office: 12, place des Etats– Unis, 75116 Paris
Company registration number: 582 041 943 R.C.S. Paris.

HALF-YEAR FINANCIAL REPORT

for the half-year ended 31 December 2011

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

RAPPORT FINANCIER SEMESTRIEL Semestre clos le 31 décembre 2011 of PERNOD RICARD GROUP

The present interim financial report relates to the half-year ended 31 December 2011 and was prepared in accordance with Articles L 451-1-2 III of the French Monetary and Financial Code and 222-4 and subsequent of AMF General Regulations.

CONTENTS

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

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

Pierre Pringuet

Chief Executive Officer

II. Half-year activity report

1. Significant events during 2011/12 first semester

On 20 July 2011, the Group announced that it had signed a joint venture with Tequila Avión. This agreement covers the use and development of the Ultra-Premium "Avión™" tequila brand. The Pernod Ricard group is a minority shareholder in the joint venture and the sole distributor of the brand worldwide.

On 20 October 2011, Pernod Ricard carried out a US$ 1.5 billion bond issue with the following characteristics: remaining period to maturity of 10 years (maturity date: 15 January 2022) and bearing fixed-rate interest of 4.45%.

2. Key figures and business analysis

In the first half of its 2011/12 financial year (from 1 July to 31 December 2011), characterized by a sullen global economic environment, particularly in Western Europe, Pernod Ricard achieved a very strong performance, including:

- ✓ significant sales growth, up 11% organically, enhanced by: (i) stock building ahead of the excise tax increase in France (as of 1 January 2012); and (ii) an earlier Chinese New Year, yet offset somewhat by unfavourable foreign exchange and Group structure,
- ✓ an increase in gross margin to 62.1%, reflecting strong growth of the Top 14,
- ✓ increased advertising and promotion expenditure and a strong innovation policy,
- ✓ an operating margin (profit from recurring operations/sales) of 29.9%, an increase of 163 bps, in spite of the sustained investment, both at the level of the brands and at the level of the commercial networks; it is worth noting that this ratio is temporarily benefiting from the unusual sales seasonality *(see above)*,
- ✓ group share of net profit from recurring activities totalled € 843 million, 16% growth compared to the first half of the 2010/11 financial year. It reflected the above items,
- ✓ group share of net profit totalled € 800 million, a 20% increase compared to the first half of the 2010/11 financial year,
- ✓ continued rapid debt reduction (before translation adjustment), thanks to a strong generation of Free Cash Flow from recurring operations; net debt after translation adjustment amounted to € 9,410 million at 31 December 2011.

Profit from recurring operations

Group

(€ million)	31/12/2010 6 months	31/12/2011 6 months	Organic growth In M€	Organic growth In %
Net sales	4,282	4,614	454	11%
Gross margin after logistics costs	2,604	2,863	320	12%
Contribution after advertising and promotional (A&P) expenses	1,839	2,046	256	14%
Profit from recurring operations	**1,210**	**1,379**	**208**	**17%**

Pernod Ricard's **2011/12 1st half-year consolidated net sales** (excluding tax and duties) increased 8% to **€ 4,614 million**, compared to € 4,282 million in 1st half year 2010/11. This was due to:

- ✓ 11% organic growth, with a diversification of growth drivers, both for brands (Martell, Chivas, Jameson, Ricard …) and markets: (i) Business was buoyant in emerging markets (China, India, Vietnam, Eastern Europe...); (ii) in developed markets, North America continued its recovery and France contributed significantly to growth ahead of the excise duty increase as of 1 January 2012; (iii) Western Europe was down due to the tenuous macroeconomic backdrop;
- ✓ an unfavourable 2% foreign exchange effect, primarily due to the depreciation, at the average rate, of the US Dollar and of several other currencies (Indian rupee, Mexican peso...);
- ✓ a 1% negative group structure effect, primarily due to the disposals of certain New Zealand operations in the 1st half of 2010/11.

Gross margin after logistics costs totalled € 2,863 million, a significant increase of 10%, composed of organic growth of 12% and a negative foreign exchange effect of 2%. The substantial increase in the gross margin rate, which rose 124 bps, from 60.8% to 62.1% of sales, resulted primarily from strong growth of the Top 14, favourable price/mix effect, and good control of input costs.

Advertising and promotion expenditure grew significantly (+7%) to € 817 million, reflecting the Group's intent to develop its strategic brands over the long term. They represented 22% of sales for the 14 strategic brands and were targeted on Premium Brands (85% of growth) and emerging markets (66% of growth). Overall, the advertising and promotion expenditure to sales ratio reached 17.7% over the 1st half of 2011/12, compared to 17.9% over the same period of the previous financial year.

The contribution after advertising and promotion expenditure increased 11% to € 2,046 million, with organic growth of 14%. It represented 44.3% of sales, up 140 bps compared to the previous financial year.

Profit from recurring operations increased 14% to € 1,379 million, resulting from organic growth of 17%, an unfavourable 3% foreign exchange effect and a negligible, negative group structure effect. The operating margin was 29.9%, a rise of 160 bps compared to the 1st half of the previous financial year.

Business activity by geographic area

France:

(€ million)	31/12/2010 6 months	31/12/2011 6 months	Organic growth In M€	Organic growth In %
Net sales	415	517	102	25%
Gross margin after logistics costs	303	386	82	27%
Contribution after A&P expenses	201	266	64	32%
Profit from recurring operations	**118**	**174**	**55**	**47%**

Europe excluding France:

(€ million)	31/12/2010 6 months	31/12/2011 6 months	Organic growth In M€	Organic growth In %
Net sales	1,235	1,232	21	2%
Gross margin after logistics costs	722	731	19	3%
Contribution after A&P expenses	541	555	22	4%
Profit from recurring operations	**328**	**339**	**17**	**5%**

Americas:

(€ million)	31/12/2010 6 months	31/12/2011 6 months	Organic growth In M€	Organic growth In %
Net sales	1,151	1,166	69	6%
Gross margin after logistics costs	713	721	40	6%
Contribution after A&P expenses	513	518	31	6%
Profit from recurring operations	**339**	**338**	**19**	**6%**

Asia/Rest of World:

(€ million)	31/12/2010 6 months	31/12/2011 6 months	Organic growth In M€	Organic growth In %
Net sales	1,481	1,699	262	18%
Gross margin after logistics costs	866	1,025	178	21%
Contribution after A&P expenses	584	708	139	24%
Profit from recurring operations	**424**	**527**	**116**	**27%**

- ✓ **France:** profit from recurring operations grew 47% due to the commercial performance of Top 14 brands, specifically Ricard, Absolut, Chivas, Mumm, Ballantine's and Havana Club, boosted by stock building ahead of the excise tax increase.

- ✓ **Europe excluding France**: profit from recurring operations grew organically 5% and 3% in total, due both to a negative group structure effect of 1% and unfavourable foreign exchange of 1%. The activity shows a strong growth in Central and Eastern Europe and slight decline in the rest of Europe with situations which remain quite contrasted according to countries and categories.

- ✓ **Americas:** profit from recurring operations was relatively stable despite 6% organic growth. The depreciation of the average rates of the US dollar and Mexican peso during the period generated an unfavourable foreign exchange effect of 5% on the region's profit from recurring operations. A negative scope effect weighed 1%.

- ✓ **Asia/Rest of World:** outstanding growth of 24% (27% organic) due in particular to the dynamism of Martell in China, local whiskies in India, as well as certain other emerging markets (Vietnam, Africa, Turkey). The region also benefitted from certain technical effects (Chinese New Year celebrated earlier in 2012 than in 2011…).

Group share of net profit from recurring operations

	31/12/2010 6 months	31/12/2011 6 months
(€ million)		
Profit from recurring operations	1,210	1,379
Interest (expenses) income from recurring operations	(243)	(233)
Corporate income tax on recurring operations	(224)	(283)
Net profit from discontinued operations, minority interests and share of net income from associates	(18)	(19)
Group share of net profit from recurring operations	**726**	**843**
Group net profit per share from recurring operations – diluted (in euro)	**2.74**	**3.19**

Net financial expenses from recurring operations

Net financial expenses from recurring operations totalled € (233) million:

- ✓ debt-related financial interest charges totalled € (228) million, an improvement of € 4 million over the prior period. The negative impact of bond issuances on financial expenses having been offset by positive impacts of (i) the decrease in debt, (ii) the reduction in margins of the syndicated loan and (iii) the impact of rate hedging in place over past periods.
- ✓ other financial expenses from recurring operations totalled € (6) million, a € 6 million improvement on the prior period, primarily due to the decrease in charges related to retirement benefits.

Net debt

Net debt was € 9,410 million at 31 December 2011 compared to € 9,038 million at 30 June 2011, an increase of € 372 million, due to a very unfavourable forex impact tied to the depreciation of the Euro.

Adjusted for the forex impact, debt declined € 192 million thanks to free cash flow generation in line with last year.

The average cost of borrowing, however, was 4.9% over the first half of 2011/12 versus 4.6% over the first half of 2010/11.

Income tax on recurring operations

Income tax on items from recurring operations amounted to € (283) million, being a tax rate of 24.7% versus 23.1% over the first half of 2010/11.

Group share of net profit from recurring operations

Group share of net profit from recurring operations amounted to € 843 million at 31 December 2011, an increase of 16%.

Group share of net profit

(€ million)	31/12/2010 6 months	31/12/2011 6 months
Profit from recurring operations	1,210	1,379
Other operating income and expenses	(29)	(53)
Operating profit	1,181	1,325
Interest (expenses) income from recurring operations	(243)	(233)
Other financial income/ (expenses)	8	(40)
Income tax	(263)	(233)
Net profit from discontinued operations, minority interests and share of net income from associates	(18)	(19)
Group share of net profit	**666**	**800**

Other operating income and expenses

Other operating income and expenses amounted to a negative € 53 million at 31 December 2011 and included:

- Net gains on disposals of assets of € 15 million;
- Asset impairment of € (3) million;
- Net restructuring expenses of € (6) million;
- Other non-recurring income and expenses of € (59) million.

Group share of net profit

Group share of net profit was €800 million, an increase of 20%.

3. Net result and retained earnings of the Parent company

The net profit and retained earnings of the parent company, Pernod Ricard S.A., amounted to € 157 million and a balance of € 924 million, respectively, at 31 December 2011.

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

The major risks and uncertainties Pernod Ricard Group faces are listed under chapter "Risk management" of the 2010/11 reference document, available from the website of the Autorité des Marchés Financiers or from the Pernod Ricard website.

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

5. Outlook

The first half of 2011/12 confirmed the strength of our strategy. The solid performance of our brands, particularly the Top 14, supported by stronger marketing investment, reinforces our confidence in the performance over the full financial year.

Our outlook for the 2011/12 financial year is based on ongoing dynamic growth in emerging markets, a gradual recovery of the US market and a sullen environment in Western Europe.

6. Main related-party transactions

Information related to related parties transactions are detailed in note 18 of the notes to the condensed consolidated interim financial statements included in this document.

III. Condensed consolidated interim financial statements

1.Consolidated income statement.

(€ million)	31/12/2010	31/12/2011	Notes
Net sales	4,282	4,614	
Cost of sales	(1,678)	(1,751)	
Gross margin after logistics costs	**2,604**	**2,863**	
A&P costs	(765)	(817)	
Contribution after A&P expenses	**1,839**	**2,046**	
Selling, general and administrative expenses	(629)	(667)	
Profit from recurring operations	**1,210**	**1,379**	
Other operating income	33	28	6
Other operating expenses	(62)	(81)	6
Operating profit	**1,181**	**1,325**	
Financial expenses	(270)	(290)	
Financial income	35	17	
Financial income (expenses)	**(235)**	**(273)**	5
Income tax	(263)	(233)	7
Share of net profit/(loss) of associates	1	1	
Net profit from continuing operations	685	820	
Net profit from discontinued operations	0	-	
Net profit	**685**	**820**	
Including:			
- Attributable to non-controlling interests	19	20	
- Attributable to equity holders of the Parent	666	800	
Earnings per share - basic (in euros)	2.54	3.05	8
Earnings per share - diluted (in euros)	2.52	3.03	8
Net earnings per share from continuing operations (excluding discontinued operations) — basic (in euros)	2.54	3.05	8
Net earnings per share from continuing operations (excluding discontinued operations) — diluted (in euros)	2.52	3.03	8

2.Half-year consolidated statement of comprehensive income

(€ million)	31/12/2010	31/12/2011
Net profit for the period	**685**	**820**
Net investment hedges	**233**	**(226)**
Amounts recognised in shareholders' equity	233	(226)
Amount recycled in net profit	-	-
Cash flow hedges	**79**	**(52)**
Amounts recognised in shareholders' equity	167	(4)
Amount recycled in net profit	(88)	(49)
Available-for-sale financial assets	**-**	**(0)**
Unrealized gains and losses recognised in shareholders' equity	-	(0)
Amount removed from equity and included in profit/loss following a disposal	-	-
Exchange differences	**(405)**	**816**
Tax on items recognised directly in shareholders' equity	**(33)**	**24**
Other comprehensive income, net of tax	**(127)**	**561**
Comprehensive net profit for the period	**558**	**1,381**
Including:		
- Attributable to equity holders of the Parent	542	1,358
- Attributable to non-controlling interests	16	23

3. Consolidated balance sheet

Assets (€ million)	30/06/2011	31/12/2011	Notes
Net amounts			
Non-current assets			
Intangible assets	11,291	12,001	9
Goodwill	5,041	5,329	9
Property, plant & equipment	1,805	1,836	
Biological assets	111	111	
Non-current financial assets	178	247	
Investments in associates	6	16	
Deferred tax assets	1,459	1,605	7
Non-current derivative instruments	56	107	13
Non-current assets	**19,947**	**21,251**	
Current assets			
Inventories	3,875	4,048	10
Operating receivables	904	1,655	
Income tax receivable	40	24	
Other current assets	136	102	
Current derivative instruments	19	25	13
Cash and cash equivalents	774	895	12
Current assets	**5,748**	**6,748**	
Assets held for sale	4	3	
Total assets	**25,699**	**28,002**	

Liabilities and shareholders' equity (€ million)	30/06/2011	31/12/2011	Notes
Shareholders' equity			
Share capital	410	411	15
Additional paid-in capital	3,034	3,042	
Retained earnings and currency translation adjustments	4,795	6,206	
Net profit attributable to equity holders of the parent	1,045	800	
Shareholders' equity - attributable to equity holders of the parent	**9,284**	**10,459**	
Non-controlling interests	190	188	
Total shareholders' equity	**9,474**	**10,647**	
Non-current liabilities			
Non-current provisions	607	665	11
Provisions for pensions and other long-term employee benefits	348	356	11
Deferred tax liabilities	2,657	2,803	7
Bonds-non-current	4,657	5,991	12
Other non-current financial liabilities	4,729	3,892	12
Non-current derivative instruments	275	353	13
Total non-current liabilities	**13,272**	**14,060**	
Current liabilities			
Current provisions	265	175	11
Operating payables	1,884	2,373	
Income tax payable	91	187	
Other current liabilities	293	99	
Other current financial liabilities	323	270	12
Bond-current	82	172	12
Current derivative instruments	14	20	13
Total current liabilities	**2,953**	**3,295**	
Liabilities held for sale	0	-	
Total liabilities and shareholders' equity	**25,699**	**28,002**	

4.Statement of changes in shareholders' equity

(€ million)	Share capital	Addi-tional paid-in capital	Consolidated reserves	Changes in fair value	Currency translation adjustments	Treasury shares	Total attributable to equity holders of the Parent	Non - controlling interests	Total shareholders' equity
At 01/07/2010	410	3,022	6,145	(222)	(84)	(149)	9,122	216	9,337
Statement of comprehensive income	-	-	666	54	(178)	-	**542**	16	**558**
Capital increase	-	5	-	-	-	-	**5**	-	**5**
Share-based payment	-	-	14	-	-	-	**14**	-	**14**
Purchase/sale of treasury shares	-	-	-	-	-	(5)	**(5)**	-	**(5)**
Sale with option of repurchase	-	-	-	-	-	(7)	**(7)**	-	**(7)**
Dividends distributed	-	-	(191)	-	-	-	**(191)**	(8)	**(198)**
Changes in scope of consolidation	-	-	0	-	-	-	**0**	(0)	**0**
Other movements	-	-	(0)	-	-	-	**(0)**	(0)	**(0)**
At 31/12/2010	410	3,026	6,635	(168)	(263)	(161)	9,480	224	9,704

(€ million)	Share capital	Addi-tional paid-in capital	Consolidated reserves	Changes in fair value	Currency translation adjustments	Treasury shares	Total attributable to equity holders of the Parent	Non - controlling interests	Total shareholders' equity
At 01/07/2011	410	3,034	6,849	(151)	(644)	(216)	9,284	190	9,474
Statement of comprehensive income	-	-	800	(29)	587	-	**1,358**	23	**1,381**
Capital increase	1	8	-	-	-	-	**9**	-	**9**
Share-based payment	-	-	15	-	-	-	**15**	-	**15**
Purchase/sale of treasury shares	-	-	-	-	-	0	**0**	-	**0**
Sale with option of repurchase	-	-	-	-	-	-	**-**	-	**-**
Dividends distributed	-	-	(201)	-	-	-	**(201)**	(26)	**(227)**
Changes in scope of consolidation	-	-	0	-	-	-	**0**	-	**0**
Other movements	-	-	(5)	-	-	-	**(5)**	(0)	**(6)**
At 31/12/2011	411	3,042	7,457	(180)	(57)	(215)	10,459	188	10,647

5.Consolidated cash flow statement

(€ million)	31/12/2010	31/12/2011	Notes
Cash flow from operating activities			
Net profit attributable to equity holders of the parent	666	800	
Non-controlling interests	19	20	
Share of net profit/(loss) of associates, net of dividends received	(1)	(1)	
Financial (income) expense	235	273	5
Income tax expense	263	233	7
Net profit from discontinued operations	(0)	0	
Depreciation and amortisation	79	81	
Net changes in provisions	(108)	(89)	
Net change in impairment of goodwill and intangible assets	3	4	
Impact of derivatives hedging trading transactions	5	3	
Fair value adjustments on biological assets	1	0	
Net (gain)/loss on disposal of assets	10	(15)	6
Share-based payment	14	15	16
Self-financing capacity before interest and tax	**1,185**	**1,324**	
Decrease/(increase) in working capital	(142)	(296)	14
Interest paid	(268)	(262)	
Interest received	21	17	
Income tax paid	(142)	(125)	
Income tax received	24	4	
Cash flow from operating activities	**678**	**662**	
Cash flow from investing activities			
Capital expenditure	(83)	(101)	14
Proceeds from disposals of property, plant and equipment and intangible assets	6	6	14
Change in consolidation scope	0	0	
Cash expenditure on acquisition of non-current financial assets	(20)	(23)	
Cash proceeds from the disposals of non-current financial assets	112	21	
Cash flow from investing activities	**14**	**(97)**	
Cash flow from financing activities			
Dividends paid	(355)	(383)	15
Other changes in shareholders' equity	5	0	
Issuance of long term debt	302	2,078	14
Repayment of long term debt	(362)	(2,164)	14
(Acquisition)/disposal of treasury shares	(12)	9	
Cash flow from financing activities	**(422)**	**(460)**	
Cash from discontinued activities	0	-	
Increase/(decrease) in cash and cash equivalents (before effect of exchange rate changes)	270	105	
Net effect of exchange rate changes	36	16	
Increase/(decrease) in cash and cash equivalents (after effect of exchange rate changes)	306	121	
Cash and cash equivalents at beginning of period	**701**	**774**	
Cash and cash equivalents at end of period	**1,007**	**895**	

6.Notes to the condensed consolidated interim financial statements.

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

The Group manufactures and sells wine and spirits.

On 15 February 2012, the Board of Directors approved the consolidated interim financial statements for the first half-year ended 31 December 2011.

Note 1. – Accounting policies.

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

Because of its listing in a country of the European Union (EU), and in accordance with EC regulation 1606/2002, the condensed consolidated interim financial statements of the Group for the first half-year ended 31 December 2011 have been prepared in accordance with IAS 34 (interim financial reporting) of the IFRS (International Financial Reporting Standards) as adopted by the European Union.

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

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

Note that:

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

- Condensed consolidated interim financial statements were prepared in accordance with the same accounting principles and methods as those used in the preparation of the annual consolidated financial statements at 30 June 2011, subject to the changes in accounting standards listed under section 1.3.

- The condensed consolidated interim financial statements do not include all the information required in the preparation of the consolidated financial statements and must be read in conjunction with the consolidated financial statements at 30 June 2011.

Estimates — The preparation of consolidated financial statements in accordance with IFRS requires that Management makes a certain number of estimates and assumptions, which have an impact on the Group's assets, liabilities and shareholders' equity and items of profit and loss during the financial year. These estimates are made on the assumption the company will continue as a going concern, are based on information available at the time of their preparation. Estimates may be revised where the circumstances on which they were based change or where new information becomes available. Future outcomes can differ from these estimates. At 31 December 2011, the Management was not aware of any factors likely to call into question estimates and assumptions used in the preparation of full-year consolidated financial statements at 30 June 2011.

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

2. **Seasonality.**

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

3. Changes in accounting policies.

Standards, interpretations or amendments, whose application is mandatory as of July 1, 2011, had no impact on the Pernod Ricard Group's financial statements. These standards, interpretations and amendments are as follows:

– Revised IAS 24 "Related Party Disclosures",

– Amendment to IFRIC 14 "Prepayments of Minimum Funding Requirement".

Condensed consolidated interim financial statements do not take into account:

– Draft standards and interpretations which still have the status of exposure drafts of the IASB and the IFRIC at the balance sheet date,

– New standards, revisions of existing standards and interpretations published by IASB but not yet approved by the European accounting regulatory committee at the date of the condensed consolidated interim financial statements.

– Standards published by the IASB, adopted at a European level but whose application becomes compulsory in respect of financial years begun after 1 July 2011.

Note 2. – Key events of the period.

On 20 July 2011, the Group announced that it had signed a joint venture agreement with Tequila Avión. This agreement covers the use and development of the Ultra-Premium « Avión™ » tequila brand. The Pernod Ricard group will be a minority shareholder in the joint venture, and will be sole distributor of the brand worldwide.

On 20 October 2011, the Group Pernod-Ricard carried out a US$ 1.5 billion bond issue with the following characteristics: remaining period to maturity of 10 years (maturity date: 15 January 2022) and bearing fixed-rate interest of 4.45%.

Note 3. – Consolidation scope.

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

Note 4. – Operating segments

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

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

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

France:

(€ million)	31/12/2010 6 months	31/12/2011 6 months
Net sales	415	517
Gross margin after logistics costs	303	386
Contribution after A&P expenses	201	266
Profit from recurring operations	**118**	**174**

Europe excluding France:

(€ million)	31/12/2010 6 months	31/12/2011 6 months
Net sales	1,235	1,232
Gross margin after logistics costs	722	731
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(€ million)	31/12/2010 6 months	31/12/2011 6 months
Net sales	1,151	1,166
Gross margin after logistics costs	713	721
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Profit from recurring operations	**339**	**338**

Asia and Rest of the World:

(€ million)	31/12/2010 6 months	31/12/2011 6 months
Net sales	1,481	1,699
Gross margin after logistics costs	866	1,025
Contribution after A&P expenses	584	708
Profit from recurring operations	**424**	**527**

Total:

(€ million)	31/12/2010 6 months	31/12/2011 6 months
Net sales	4,282	4,614
Gross margin after logistics costs	2,604	2,863
Contribution after A&P expenses	1,839	2,046
Profit from recurring operations	**1,210**	**1,379**

Breakdown of sales :

(€ million)	Sales at 31/12/2010	Sales at 31/12/2011
Top 14 Spirits & Champagne	2,517	2,817
Priority Premium Wines	217	223
18 key local spirits brands	738	787
Other	810	787
Total	**4,282**	**4,614**

Note 5. – Financial income/(expenses)

(€ million)	31/12/2010 6 months	31/12/2011 6 months
Financial expenses	(253)	(245)
Financial income	21	17
Net financing cost	**(232)**	**(228)**
Structuring and placement fees	(5)	(3)
Net financial impact of pensions and other long-term employee benefits	(6)	0
Other financial income (expenses) from recurring operations	0	(2)
Financial income (expense) from recurring operations	**(243)**	**(233)**
Foreign currency gains (losses)	14	(28)
Other non current financial income (expenses)	(6)	(12)
Financial income (expenses)	**(235)**	**(273)**

At 31 December 2011, the main items making up net financing costs were financial expenses on the syndicated loan €35 million, bonds payments of €139 million, commercial paper payments of €1 million, and interest rate and currency hedges €51 million.

Note 6. – Other operating income and expenses

Other operating income and expenses are broken down as follows:

(€ million)	31/12/2010 6 months	31/12/2011 6 months
Restructuring expenses	(9)	(6)
Impairment of assets	(3)	(3)
Capital gains (losses) on the disposal of assets	(10)	15
Other non-current expenses	(40)	(72)
Other non-current income	33	13
Other operating income/(expenses)	**(29)**	**(53)**

Note 7. – Income tax

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

(€ million)	31/12/2010 6 months	31/12/2011 6 months
Current tax	(272)	(236)
Deferred tax	10	3
Total	**(263)**	**(233)**

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

(€ million)	31/12/2010 6 months	31/12/2011 6 months
Operating profit	1,181	1,325
Financial income (expense)	(235)	(273)
Taxable profit	**946**	**1,052**
Expected income tax expense at French Statutory tax rate (34.43%)	(325)	(362)
Impact of differences in tax rates	77	93
Tax impact of exchange rate fluctuations	(34)	38
Re-estimation of deferred tax linked to rate changes	-	(13)
Impact of tax losses used	0	1
Impact of differences between the carrying amounts and tax bases of assets sold	0	3
Impact of reduced/ increased tax rates	3	3
Other impacts	17	4
Effective income tax expense	**(263)**	**(233)**
Effective tax rate	**28%**	**22%**

Deferred taxes are broken down as follows by nature:

(€ million)	30/06/2011	31/12/2011
Unrealised margins in inventories	74	97
Value adjustments to assets and liabilities	40	31
Provision for pension benefits	101	106
Deferred tax assets related to losses eligible for carry-forward	731	860
Provisions (other than provisions for pensions and other long-term employee benefits) and other	513	511
Total deferred tax assets	**1,459**	**1,605**
Accelerated depreciation	25	43
Value adjustments to assets and liabilities	2,372	2,540
Other	260	221
Total deferred tax liabilities	**2,657**	**2,803**

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

(€ million)	31/12/2010			31/12/2011		
	Amount before tax	Tax impact	Amount after tax	Amount before tax	Tax impact	Amount after tax
Net investment hedges……………………..	233	(9)	**224**	(226)	-	**(226)**
Cash flow hedges………………………….	79	(25)	**54**	(52)	24	**(29)**
Available-for-sale financial assets…………	0	0	**0**	(0)	-	**(0)**
Exchange differences………………………	(405)	-	**(405)**	816	-	**816**
Components of other comprehensive income……………………….................	**(93)**	**(33)**	**(127)**	**538**	**24**	**561**

Note 8. – Earnings per share

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

	31/12/2010 6 months	31/12/2011 6 months
Numerator (€ million)		
Group share of net profit	666	800
Group share of net profit from continuing operations	666	800
Denominator (in number of shares)		
Average number of shares in circulation	262,495,824	262,607,702
Dilutive effect of free shares	376,592	400,780
Dilutive effect of stock options and subscription of stock options..................................	1,884,124	1,354,363
Average number of outstanding shares—diluted	**264,756,540**	**264,362,846**
Earnings per share (€) – Group share		
Earnings per share – basic..	2.54	3.05
Earnings per share – diluted...	2.52	3.03
Net earnings per share from continuing operations – basic	2.54	3.05
Net earnings per share from continuing operations – diluted	2.52	3.03

Note 9. – Intangible assets and goodwill

(€ million)	30/06/2011	31/12/2011
Goodwill	5,226	5,513
Brands	11,500	12,222
Other intangible assets	215	230
Gross amounts	**16,941**	**17,964**
Goodwill	(184)	(184)
Brands	(301)	(310)
Other intangible assets	(124)	(141)
Amortisation	**(609)**	**(634)**
Net intangible assets	**16,332**	**17,330**

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

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

The variation of the brands and the goodwill is essentially due to the foreign exchange evolutions.

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

Note 10. – Inventories

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

(€ million)	30/06/2011	31/12/2011
Raw materials	131	138
Work-in-progress	3,176	3,311
Goods purchased for resale	386	461
Finished goods	244	200
Gross amounts	**3,938**	**4,109**
Raw materials	(15)	(12)
Work-in-progress	(26)	(25)
Goods purchased for resale	(14)	(15)
Finished goods	(8)	(9)
Provision for writedown	**(63)**	**(61)**
Inventories net	**3,875**	**4,048**

At 31 December 2011, 75% of work-in-progress relate to maturing inventories intended to be used for whisky and cognac production. Pernod Ricard is not significantly dependent on its suppliers.

Note 11. – Provisions

1. Breakdown of provisions.

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

(€ million)	30/06/2011	31/12/2011	Ref.
Non-current provisions			
Provisions for pensions and other long-term employee benefits	348	356	11.3
Other non-current provisions for liabilities and charges............................	607	665	11.2
Current provisions			
Provisions for restructuring...	12	7	11.2
Other current provisions for liabilities and charges...................................	253	167	11.2
Total...	**1,220**	**1,195**	

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

(€ million)	Movements in the period						
	30/06/2011	Allowances	Used	Unused reversals	Translation adjustments	Other movements	31/12/2011
Provisions for restructuring..............	12	1	(5)	(1)	1	0	7
Other current provisions	253	9	(16)	(5)	6	(81)	167
Other non-current provisions	607	84	(55)	(76)	23	81	665
Provisions	**872**	**94**	**(76)**	**(81)**	**29**	**0**	**840**

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

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

The table below presents a roll-forward of the provision between 30 June 2010 and 31 December 2011:

(€ million)	2010	2011
Net liability recognised in the balance sheet at 30 June	395	259
(Income)/expense for the period	14	18
Employer contributions and benefits paid directly by the employer	(72)	(77)
Change in scope of consolidation...	0	0
Translation adjustments	(14)	11
Net liability recognised in the balance sheet	**323**	**211**
Plan surplus	12	145
Provision at 31 December...	**336**	**356**

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

(€ million)	31/12/2010	31/12/2011
Benefits acquired in the period	20	19
Interest cost (discounting effect)	103	101
Expected return on plan asset	(98)	(102)
Amortisation of past service cost	(2)	2
Amortisation of actuarial (gains) and losses	0	0
Effect of ceiling on plan assets	0	0
Effect of settlements and curtailments	(9)	(2)
Changes in plans	0	0
Net expense (income) recognised in income	**14**	**18**

Note 12. – Financial liabilities.

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

1. Breakdown of net financial debt by nature and maturity

(€ million)	30/06/2011			31/12/2011		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	82	4,657	**4,739**	172	5,991	**6,163**
Syndicated loan	-	4,280	**4,280**	-	3,437	**3,437**
Commercial paper	119	-	**119**	63	-	**63**
Other loans and long-term debts	204	449	**653**	208	454	**661**
Other financial liabilities	**323**	**4,729**	**5,052**	**270**	**3,892**	**4,162**
GROSS FINANCIAL DEBT	**405**	**9,386**	**9,790**	**442**	**9,882**	**10,325**
Fair value hedge derivatives – assets	-	(17)	**(17)**	-	(91)	(91)
Fair value hedge derivatives – liabilities	-	75	**75**	-	43	43
Fair value hedge derivatives	-	**58**	**58**	-	**(48)**	**(48)**
Net investment hedge derivatives – assets	-	(37)	**(37)**	-	-	-
Net investment hedge derivatives – liabilities	-	-	-	-	28	**28**
Net investment hedge derivatives	-	**(37)**	**(37)**	-	**28**	**28**
FINANCIAL DEBT AFTER HEDGES	**405**	**9,407**	**9,812**	**442**	**9,863**	**10,305**
Cash and cash equivalents	**(774)**	-	**(774)**	**(895)**	-	**(895)**
NET FINANCIAL DEBT	**(369)**	**9,407**	**9,038**	**(452)**	**9,863**	**9,410**

2. Breakdown of debt by currency before and after foreign exchange hedge instruments at 30 June 2011 and 31 December 2011

At 30/06/2011 (€ million)	Debt before hedging	Amount hedged	Debt after hedging	Cash	Net debt after hedging	% debt after hedging	% net debt after hedging
EUR	5,264	(653)	4,611	(185)	4,426	47%	49%
USD	4,056	1,154	5,211	(54)	5,156	53%	57%
GBP	310	(249)	61	(22)	39	1%	0%
SEK	12	(238)	(226)	(18)	(244)	(2)%	(3)%
Other currencies	147	8	156	(494)	(339)	2%	(4)%
FINANCIAL DEBT BY CURRENCY	**9,790**	**22**	**9,812**	**(774)**	**9,038**	**100%**	**100%**

At 31/12/2011 (€ million)	Debt before hedging	Amount hedged	Debt after hedging	Cash	Net debt after hedging	% debt after hedging	% net debt after hedging
EUR	4,768	(15)	4,753	(185)	4,569	46%	49%
USD	4,997	772	5,769	(56)	5,713	56%	61%
GBP	343	(565)	(222)	(5)	(227)	(2)%	(2)%
SEK	12	(226)	(214)	(15)	(230)	(2)%	(2)%
Other currencies	204	15	219	(634)	(415)	2%	(4)%
FINANCIAL DEBT BY CURRENCY	**10,325**	**(20)**	**10,305**	**(895)**	**9,410**	**100%**	**100%**

3. Breakdown of debt by currency and type of rate hedging at 30 June 2011 and 31 December 2011

At 30/06/2011 (€ million)	Debt after hedging by currency	Fixed-rate debt	'Capped' floating rate debt	Non-hedged floating rate debt	% (fixed + capped floating rate debt)/ debt after hedging	Cash	% (fixed + capped floating rate debt)/ net debt
EUR	4,611	2,426	750	1,435	69%	(185)	72%
USD	5,211	2,911	138	2,161	59%	(54)	59%
GBP	61	-	-	61	N.M.	(22)	N.M.
SEK	(226)	-	-	(226)	N.M.	(18)	N.M.
Other	156	-	-	156	N.M.	(494)	N.M.
TOTAL	**9,812**	**5,337**	**888**	**3,586**	**63%**	**(774)**	**69%**

At 31/12/2011 (€ million)	Debt after hedging by currency	Fixed-rate debt	'Capped' floating rate debt	Non-hedged floating rate debt	% (fixed + capped floating rate debt)/ debt after hedging	Cash	% (fixed + capped floating rate debt)/ net debt
EUR	4 753	2,428	750	1,575	67%	(185)	70%
USD	5 769	4,789	155	826	86%	(56)	87%
GBP	(222)	-	-	(222)	N.M.	(5)	N.M.
SEK	(214)	-	-	(214)	N.M.	(15)	N.M.
Other	219	-	-	219	N.M.	(634)	N.M.
TOTAL	**10,305**	**7,217**	**905**	**2,183**	**79%**	**(895)**	**86%**

4. Breakdown of fixed-rate/floating rate debt before and after interest rate hedge instruments at 30 June 2011 and 31 December 2011

(€ million)	30/06/2011				31/12/2011			
	Debt before hedging		Debt after hedging		Debt before hedging		Debt after hedging	
Fixed-rate debt	4,489	46%	5,337	54%	5,744	56%	7,217	70%
'Capped' floating-rate debt	-	-	888	9%	-	-	905	9%
Floating-rate debt	5,324	54%	3,586	37%	4,561	44%	2,183	21%
FINANCIAL DEBT AFTER HEDGING BY NATURE OF HEDGES	**9,812**	**100%**	**9,812**	**100%**	**10,305**	**100%**	**10,305**	**100%**

At 31 December 2011, before taking account of any hedges, 56% of the Group's gross debt was fixed-rate and 44% floating-rate. After hedging, the floating-rate part was 21%.

5. Schedule of financial liabilities at 30 June 2011 and 31 December 2011

The following table shows the maturity of future financial liability-related cash flows (nominal and interest). Variable interest flows have been estimated on the basis of rates at 30 June 2011 and 31 December 2011.

At 30/06/2011 (€ million)	Balance sheet value	Contractual flows	< 6 months	6 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years
Interest		(1,508)	(81)	(238)	(318)	(258)	(209)	(152)	(251)
Nominal value		(9,723)	(169)	(154)	(200)	(5,107)	(800)	(1,362)	(1,931)
GROSS FINANCIAL DEBT:	**(9,790)**	**(11,230)**	**(250)**	**(392)**	**(518)**	**(5,365)**	**(1,009)**	**(1,513)**	**(2,182)**
Cross currency swaps:	(75)	-	-	-	-	-	-	-	-
• Payable flows	-	(405)	(6)	(6)	(12)	(380)	-	-	-
• Receivable flows	-	325	-	16	16	293	-	-	-
Derivative instruments – liabilities	(213)	(337)	(74)	(58)	(113)	(44)	(35)	(12)	-
DERIVATIVE INSTRUMENTS – LIABILITIES:	**(288)**	**(417)**	**(80)**	**(48)**	**(109)**	**(131)**	**(35)**	**(12)**	-
TOTAL FINANCIAL LIABILITIES	**(10,078)**	**(11,647)**	**(330)**	**(441)**	**(628)**	**(5,497)**	**(1,045)**	**(1,525)**	**(2,182)**

At 30/06/2011 (€ million)	Balance sheet value	Contractual flows	< 6 months	6 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years
Interest		(1,989)	(247)	(102)	(342)	(287)	(268)	(207)	(536)
Nominal value		(10,104)	(268)	(2)	(4,212)	(303)	(981)	(1,233)	(3,105)
GROSS FINANCIAL DEBT:	**(10,325)**	**(12,093)**	**(514)**	**(104)**	**(4,554)**	**(590)**	**(1,249)**	**(1,440)**	**(3,641)**
Cross currency swaps:	(71)	-	-	-	-	-	-	-	-
• Payable flows	-	(994)	(3)	(3)	(5)	(369)	3	(617)	-
• Receivable flows	-	945	17	-	17	317	-	594	-
Derivative instruments – liabilities	(303)	(295)	(78)	(67)	(81)	(42)	(29)	1	-
DERIVATIVE INSTRUMENTS – LIABILITIES:	**(374)**	**(345)**	**(63)**	**(70)**	**(69)**	**(95)**	**(25)**	**(22)**	-
TOTAL FINANCIAL LIABILITIES	**(10,699)**	**(12,437)**	**(578)**	**(174)**	**(4,623)**	**(685)**	**(1,274)**	**(1,463)**	**(3,641)**

6. Vin&Sprit syndicated loan

At 31 December 2011:

- it had drawn down from this multicurrency syndicated loan entered into on 27 March 2008 €600 million and US$ 3,671 million, a total equivalent to €3,437 million; the credit facilities, whether revolving or fixed maturity, denominated in euro, US$ or multicurrencies, incur interest at the applicable LIBOR (or, for euro denominated borrowing, EURIBOR), plus a pre-determined spread and mandatory costs;
- the amount of the syndicated loan not drawn down was €1,529 million.

7. Bonds

Nominal amount	Interest rate	Issue date	Maturity	Carrying amount at 31/12/2011 *(in euro million)*
GBP 250 million	6.625%	12/06/2002	12/06/2014	339
EUR 550 million	4.625%	06/12/2006	06/12/2013	551
EUR 800 million	7.000%	15/06/2009	15/01/2015	850
EUR 1,200 million	4.875%	18/03/2010	18/03/2016	1,267
USD 201 million	Margin+ Libor 3 months	21/12/2010	21/12/2015	154
EUR 1,000 million	5.000%	15/03/2011	15/03/2017	1,040
USD 1,000 million	5.750%	07/04/2011	07/04/2021	803
USD 1,500 million	4.450%	25/10/2011	15/01/2022	1,159
TOTAL BONDS				**6,163**

Note 13. – Financial instruments.

Fair value of financial instruments.

(€ million)	Measurement level	Breakdown by accounting classification				30/06/2011	
		Fair value – profit	Fair value shareholders' equity	Loans and receivables	Liabilities at amortised cost	Balance sheet value	Fair value
Assets							
Available-for-sale financial assets	Level 3	-	22	-	-	**22**	**22**
Guarantees, deposits, investment-related receivables		-	-	57	-	**57**	**57**
Other non-current financial assets	Level 2	99	-	-	-	**99**	**99**
Trade receivables		-	-	904	-	**904**	**904**
Other current assets		-	-	136	-	**136**	**136**
Derivative instruments – assets	Level 2	75	-	-	-	**75**	**75**
Cash and cash equivalents	Level 1	774	-	-	-	**774**	**774**
Liabilities and shareholders' equity							
Bonds		-	-	-	4,739	**4,739**	**4,898**
Bank debt		-	-	-	5,002	**5,002**	**5,002**
Finance lease obligations		-	-	-	50	**50**	**50**
Derivative instruments – liabilities	Level 2	289	-	-	-	**289**	**289**

(€ million)	Measurement level	Breakdown by accounting classification				31/12/2011	
		Fair value – profit	Fair value shareholders' equity	Loans and receivables	Liabilities at amortised cost	Balance sheet value	Fair value
Assets							
Available-for-sale financial assets	Level 3	-	23	-	-	**23**	**23**
Guarantees, deposits, investment-related receivables		-	-	73	-	**73**	**73**
Other non-current financial assets	Level 2	150	-	-	-	**150**	**150**
Trade receivables		-	-	1,655	-	**1,655**	**1,655**
Other current assets		-	-	102	-	**102**	**102**
Derivative instruments – assets	Level 2	132		-	-	**132**	**132**
Cash and cash equivalents	Level 1	895	-	-	-	**895**	**895**
Liabilities and shareholders' equity							
Bonds		-	-	-	6,163	**6,163**	**6,332**
Bank debt		-	-	-	4,162	**4,162**	**4,162**
Finance lease obligations		-	-	-	51	**51**	**51**
Derivative instruments – liabilities	Level 2	373	-	-	-	**373**	**373**

The methods used are as follows:

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

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

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

Note 14. – Notes to the consolidated cash flow statement.

1. Changes in working capital requirements.

It has increased by € 296 million due to a strong activity at the end of December 2011 compared to the end of June 2011. It is explained as follows:

- inventories: € 28 million;
- trade receivables: € 698 million;
- trade payables: € (267) million;
- others: € (163) million.

2. Capital expenditure.

Capital expenditures comprise mainly the building of new warehouses and the renewal of equipments in the production subsidiaries.

3. Disposals of tangibles and intangible assets.

The main disposals carried out concerned the sale of De Kuyper, McGuiness and Meaghers brands in Canada.

4. Increase/decrease in loans.

The Group has proceeded to a reimbursement of € 1,140 million of the syndicated loan. It has also issued US$ 1,500 million of bonds (€1,086 million).

Note 15. – Shareholders' equity.

1. Share capital.

Pernod Ricard's share capital changed as follows between 1 July 2011 and 31 December 2011:

	Number of shares	Amount (€ million)
Share capital at 1 July 2011	264,721,803	410
Exercise of options as part of share subscription plans	339,722	1
Share capital at 31 December 2011	**265,061,525**	**411**

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

2. Treasury shares.

At 31 December 2011, Pernod Ricard SA and its controlled subsidiaries held 2,076,259 Pernod Ricard shares for a value of €138 million.

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

3. Dividends paid and proposed.

Following the resolution agreed upon during the Shareholders' Meeting of 15 November 2011, the total dividend in respect of the financial year ended 30 June 2011 was €1.44 per share. The shareholders approved the payment of a cash dividend of €1.44 per share. An interim dividend payment of €0.67 per share having been paid on 6 July 2011, the balance amounting to €0.77 per share has been detached on 17 November 2011 and paid on 22 November 2011.

Note 16. – Share-based payments.

The Group recognised an expense of €14.7 million within operating profit relating to the stock option and the free shares plans applicable at 31 December 2011 and a €0.4 million expense in respect of the SARs programme (Stock Appreciation Right). A liability of €0.4 million is recognised in other current liabilities at 31 December 2011 in respect of the SARs programmes.

All plans are either equity or cash-settled.

The number of options and outstanding free shares changed as follows between 30 June 2011 and 31 December 2011:

	Units
Number of options/ outstanding shares at 30 June 2011	10,545,807
Number of options exercised during the period	911,757
Number of options/ shares cancelled over the period	107,247
Number of options newly granted over the period	-
Number of options/ outstanding shares at 31 December 2011	**9,526,803**

Note 17. – Off-balance sheet commitments and litigation.

(€ million)	Total	< 1 year	> 1 yearet < 5 years	> 5 years
Financing				
Lines of bank financing	1,789	256	1,529	4
Guarantees granted	229	162	4	62
Operating activities				
Unconditional purchase obligations	1,043	278	698	67
Operating lease agreements	296	62	157	77
Other contractual commitments	105	46	56	3

1. Details of main commitments and obligations.

The lines of bank financing are mainly commitments linked to the Group's financing and financial investments and in particular, to the nominal amount of the undrawn portion of the syndicated loan at 31 December 2011 (see note 12).

2. Contractual obligations.

In the context of their wine and champagne production operations, the Group's Australian, New Zealand and French subsidiaries, namely, PR Australia, PR New Zealand and Mumm Perrier–Jouët are committed at 31 December 2011, respectively, in amounts of €176 million, €34 million and €274 million under certain purchase obligations of grapes. In the context of its cognac production activity, the Group's French subsidiary, Martell, is committed in an amount of €504 million under matured spirit supply agreements.

3. Disputes relating to litigation

Other than non-material litigation and/or litigation arising in the normal course of the Group's business, only developments affecting litigations mentioned in the annual report on the consolidated financial statements at 30 June 2011 are mentioned hereafter:

Disputes relating to brands

Havana Club

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

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

1. The United States Office of Foreign Assets Control (OFAC) decided that this law had the effect of preventing any renewal of the US trademark registration for the Havana Club brand, which is owned in the United States by Cubaexport. In August 2006, the United States Patent and Trademark Office (USPTO) denied Cubaexport's application for renewal of the Havana Club registration, following guidance from OFAC. Cubaexport petitioned the Director of the USPTO to reverse this decision and also filed a claim against OFAC in the US District Court for the District of Columbia, challenging OFAC's decision and the law and regulations applied by OFAC. On 30 March 2009, the US District Court for the District of Columbia ruled against Cubaexport. On 29 March 2011, the Court of Appeals blocked, in a two to one decision, Cubaexport from renewing its trademark. On 31 August 2011, The Court of Appeals dismissed Cubaexport's claim to have its case newly examined. Cubaexport appealed before the Supreme Court on 27 January 2012. Cubaexport's petition against the USPTO's decision has been stayed pending the final and binding outcome of the OFAC proceedings.
2. A competitor of the Group has petitioned the USPTO to cancel the Havana Club trademark, which is registered in the name of Cubaexport. On 29 January 2004, the USPTO denied the petition and refused to cancel the trademark registration. As this decision was appealed, proceedings are now pending before the Federal District Court for the District of Columbia. These proceedings have been stayed pending the outcome of Cubaexport's petition to the USPTO (which, as noted above, itself is stayed pending the final and binding outcome to the OFAC proceedings).
3. HCH's rights relating to the Havana Club brand were confirmed in June 2005 by the Spanish Court of First Instance as a result of proceedings initiated in 1999, in particular by this same competitor. The decision was appealed by the plaintiffs before the Madrid Provincial Court, but their appeal was rejected in February 2007. They appealed before the Spanish Supreme Court, which rejected their appeal in a decision handed down on 3 February 2011.

Stolichnaya

Allied Domecq International Holdings B.V. and Allied Domecq Spirits & Wine USA, Inc., together with SPI Spirits and other parties, are defendants in an action brought in the United States District Court for the Southern District of New York by entities that claim to represent the interests of the Russian Federation on matters relating to ownership of the trademarks for vodka products in the United States. In the action, the plaintiffs challenged Allied Domecq International Holdings B.V.'s then-ownership of the Stolichnaya trademark in the United States and sought damages based on vodka sales by Allied Domecq in the United States and disgorgement of the related profits. On 31 March 2006, Judge George Daniels dismissed all of the plaintiffs' claims concerning Allied Domecq International Holdings B.V.'s then-ownership of the Stolichnaya trademark in the United States. The plaintiffs subsequently filed in the United States Court of Appeals for the Second Circuit an appeal of the portion of the 31 March 2006 decision dismissing their trademark ownership, trademark infringement and fraud claims (as well as the dismissal of certain claims brought only against the SPI entities).

The Court of Appeals on October 8, 2010 (i) affirmed the dismissal of plaintiffs' fraud and unjust enrichment claims and (ii) reinstated plaintiffs' claims for trademark infringement, misappropriation and unfair competition related to the use of the Stolichnaya trademarks. The Court of Appeals has remanded the case to the District Court for further proceedings.

Plaintiffs filed their Third Amended Complaint on 23 February 2011, alleging trademark infringement (and related claims) and misappropriation against Allied Domecq, the SPI entities and newly-added defendants William Grant & Sons USA and William Grant & Sons, Inc., (the current distributors of Stolichnaya vodka in the United States). All defendants moved to dismiss plaintiffs' Third Amended Complaint. On 1 September 2011, Judge Daniels dismissed plaintiffs' trademark and unfair competition claims with prejudice on the ground that plaintiffs lack standing to bring these claims in the name of the Russian Federation. Because he dismissed the federal trademark claims, Judge Daniels declined to exercise jurisdiction over the remaining common law misappropriation claim and thus he dismissed that claim without prejudice to plaintiffs refiling that claim in state court.

The District Court entered judgement on 8 September 2011. Plaintiffs filed a notice of appeal to the United States Court of Appeals for the Second Circuit on 12 October 2011 and filed their opening brief on 12 January 2012. Defendants' opposition briefs are due on 2 April 2012.

Commercial disputes

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

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

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

The defendants moved to dismiss the lawsuit on a variety of grounds, including that the Court is not competent to hear this dispute, that Colombia is a more convenient forum, and that the Complaint fails to state a legal claim. On 19 June 2007, the District Court granted in part and denied in part the defendants' motions to dismiss.

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

After a period of discovery regarding the plaintiffs' claims that were not dismissed, Pernod Ricard on March 1, 2011 filed a new motion to dismiss based on recent case law regarding the extraterritorial application of 'RICO'. The discovery has been stayed it its entirety until the Court rules on this motion. Pernod Ricard will continue to vigorously defend itself against the claims.

On September 21, 2009, Pernod Ricard and Diageo, in exchange for a payment of US$ 10 million made to each of Diageo and Pernod Ricard, released Vivendi SA and Vivendi I Corp. from any obligation to indemnify Pernod Ricard and Diageo for certain Colombia litigation losses based on conduct of Seagram that pre-dates its acquisition by Pernod Ricard and Diageo, if Seagram were ever found liable in this litigation.

Customs duties in India

Pernod Ricard India (P) Ltd has an ongoing dispute with Indian Customs over the declared transaction value of concentrate of alcohol beverage (CAB) imported into India. Customs are challenging the transaction values, arguing that some competitors used different values for the import of similar goods. This matter was ruled on by the Supreme Court which issued an order on 26 July 2010, setting out the principles applicable for the determination of values which should be taken into account for the calculation of duty. Pernod Ricard India (P) Ltd has already paid the corresponding amounts up to 2001. Even for the subsequent period up to December 2010 the Company has deposited the differential duty as determined by customs although the values adopted by them are being disputed to be on the higher side. The Company continues to actively work with the authorities to resolve pending issues, namely the determination of the proper value for the imported CAB.

Apart from the above-mentioned procedures, there are no other government, legal or arbitration procedures pending or threatened, including all procedures of which the Company is aware, which are likely to have or which have had over the last 6 months a significant impact on the profitability of the Company and/or Group.

The above-mentioned suits are only provisioned, under other provisions for contingencies and charges (see note 11), if it is likely that a present obligation arising from a past event will require an outflow of resources whose amount can be reliably estimated. The amount of the provisions taken is the best estimate of the outflow of resources to extinguish this obligation.

Note 18. – Related parties.

During the first half-year ended 31 December 2011, relations between the Group and its associates remained the same as in the financial year ended 30 June 2011, as mentioned in the annual report. In particular, no transactions considered unusual with regards to their nature or amount occurred over the period.

Note 19. – Events after the balance sheet date.

On 6 January 2012, Pernod Ricard carried out a US$ 2.5 billion bond issue with the following characteristics:

- US$ 850 million aggregate principal amount of its 2.95% Fixed-Rate Notes due 2017
- US$ 800 million aggregate principal amount of its 4.25% Fixed-Rate Notes due 2022
- US$ 850 million aggregate principal amount of its 5.50% Fixed-Rate Notes due 2042*.

* The maturity date of the 2042 Notes is the earlier of (i), January 15, 2042 and (ii) if prior to July 12, 2037 Pernod Ricard's corporate existence is not extended beyond January 15, 2042, July 12, 2037.

IV. Statutory auditors' report on the interim financial statements

Period of July 1st to December 31st, 2011

This is a free translation into English of the statutory auditors' report on the interim financial statements issued in the French language and is provided solely for the convenience of English speaking readers. The report must be read in conjunction and construed in accordance with French law and French auditing professional standards.

To the shareholders,

In accordance with our appointment as statutory auditors by your General Meeting, and in application of article L.451-1-2 III of the French monetary and financial code (*Code monétaire et financier*), we have performed:

- a limited review of the accompanying interim condensed consolidated financial statements of Pernod Ricard for the period from July 1st to December 31st, 2011;
- verifications on the information provided in the interim management report.

These condensed interim consolidated financial statements were prepared under the responsibility of the Board of Directors. Our role is to express our conclusion on these financial statements, based on our limited review.

1. Conclusion on the financial statements

We have conducted our limited review in accordance with professional standards applicable in France.

A limited review mainly consists of interviewing management in charge of accounting and financial matters and applying analytical procedures. These procedures are less broad in scope that those required for an audit performed in accordance with French auditing standards. Accordingly, a limited review only provides moderate assurance, which is less assurance than that provided by an audit, that the financial statements taken as a whole are free of material misstatements.

Based on our limited review, we did not identify any material misstatements that would cause us to believe that the interim condensed consolidated financial statements did not comply with IAS 34, the IFRS standard relating to interim financial reporting adopted by the European Union.

2. Specific verification

We have also verified the information presented in the half-yearly management report commenting on the interim condensed consolidated financial statements that were the subject of our limited review.

We have nothing to report with respect to the fairness of such information and its consistency with the interim condensed consolidated financial statements.

Neuilly-sur-Seine et Courbevoie, February 16th, 2012

The statutory auditors

Deloitte & Associés	Mazars	
Marc de Villartay	Isabelle Sapet	Loïc Wallaert