PERNOD RICARD
Limited Company with a share capital of € 340,603,476
Registered office: 12, place des Etats– Unis, 75783 Paris Cedex 16
Company registration number: 582 041 943 R.C.S. Paris.

HALF-YEAR FINANCIAL REPORT
for the half-year ended 31 December 2008

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

RAPPORT FINANCIER SEMESTRIEL Semestre clos le 31 décembre 2008 of PERNOD RICARD GROUP

The present interim financial report relates to the half-year ended 31 December 2008 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.

Mr Pierre Pringuet

Chief Executive Officer

II. Half-year activity report

Significant events of the period

1. Acquisition of Vin&Sprit (“V&S”)

On 23 July 2008, Pernod Ricard acquired 100% of the shares in the Vin&Sprit group (“V&S”), for a consideration of €5.3 billion. The acquisition was funded by means of a syndicated multi-currency loan.

In conjunction with this acquisition, the distribution of V&S products by Future Brands and Maxxium was terminated as of 1 October 2008, in exchange for the exit of the Future Brands joint-venture together with a cash consideration of $230 million, and a cash consideration of €59 million and the sale of the shares on 30 March 2009 (€60 million) with respect to Maxxium.

2. Brand disposals

On 30 September 2008, the brand and assets related to Cruzan were sold to Fortune Brands for $100 million.

On 18 December 2008, the Group announced the disposal of the following brands: Grönstedts Cognac, Star Gin, Red Port and Dry Anis to Arcus Gruppen AS. Pernod Ricard had committed to the European Commission to divest these brands.

3. Financing

A new syndicated multi-currency loan of a total amount available of €11.5 billion enabled the Group to fund this acquisition, as well as to repay in full the syndicated loan granted on 21 April 2005.

Key figures and business analysis

1. Profit from recurring operations

(€ million)	31/12/2007 6 months	31/12/2008 6 months	Organic growth	
Net sales	3,713	4,212	172	+5%
Gross margin after logistics costs	2,126	2,503	126	+6%
Contribution after advertising and promotional expenses	1,503	1,772	82	+6%
Profit from recurring operations	966	1,196	72	+8%

The first half-year ended 31 December 2008 showed strong growth in profit from recurring operations and operating margin, as a result of:

- A sustained organic growth,
- A successful and fast integration of Vin&Sprit group (“V&S”),
- A favourable foreign exchange impact.

Consolidated interim net sales were €4,212 million at 31 December 2008, that is +13% as reported and +5% organic growth. This increase reflected strong sales vigour, especially from the Top 15 brands and sustained by emerging countries and premium spirits.

Contribution after advertising and promotional (“A&P”) expenses increased 18% to €1,772 million at 31 December 2008, with organic growth of +6%.

Profit from recurring operations rose by 24% as reported and by 8% organic growth. This sharp increase was due to strong sales vigour, improved profit margins as a result of premiumisation and price increases, and was achieved in spite of stepped up A&P expenses.

2. Analysis of first half-year operations

Net sales and volumes

Net sales increased by 13%, from €3,713 million at 31 December 2007 to €4,212 million at 31 December 2008. This performance resulted from:

- a 5% positive organic growth,
- a 12% positive group structure impact, at €464 million, including €507 million arising from the V&S acquisition and €(43) million from disposals,
- a 4% negative foreign exchange impact, primarily due to the loss in value of the Sterling pound, the Corean won, the Indian rupee and the Australian dollar.

Contribution after A&P expenses

The contribution after A&P expenses recorded organic growth of 6%, analysed as follows by geographic region:

Asia/Rest of the World registered 16% organic growth in its contribution after A&P expenses, mainly driven by China, with Martell and Ballantine's and by India, with local brands. This region benefited from a favourable mix/price increase, which increased its profitability.

The Americas posted a 5% organic growth in their contribution after A&P, featuring dynamic Latin America market and successful V&S integration. Foreign exchange rates fluctuations were favourable to this region.

Europe generated 1% organic growth in contribution after A&P expenses, with good performances in Eastern Europe but difficult situations, notably in Spain, UK and Italy.

France recorded organic growth of 2% in its contribution after A&P expenses, due in particular to the Ballantine's, Mumm and Clan Campbell brands.

Operations by geographic region

France:

(€ million)	31/12/2007 6 months	31/12/2008 6 months	Organic growth	
Net sales	396	404	5	+1%
Gross margin after logistics costs	270	288	10	+4%
Contribution after A&P expenses	183	195	4	+2%
Profit from recurring operations	96	111	7	+7%

Europe:

(€ million)	31/12/2007 6 months	31/12/2008 6 months	Organic growth	
Net sales	1,262	1,497	31	+3%
Gross margin after logistics costs	747	837	16	+2%
Contribution after A&P expenses	575	628	3	+1%
Profit from recurring operations	372	411	6	+2%

Americas:

(€ million)	31/12/2007 6 months	31/12/2008 6 months	Organic growth	
Net sales	970	1,181	36	+4%
Gross margin after logistics costs	552	736	23	+5%
Contribution after A&P expenses	393	537	19	+5%
Profit from recurring operations	265	387	17	+7%

Asia and rest of the world:

(€ million)	31/12/2007 6 months	31/12/2008 6 months	Organic growth	
Net sales	1,085	1,130	101	+9%
Gross margin after logistics costs	557	641	78	+14%
Contribution after A&P expenses	352	412	55	+16%
Profit from recurring operations	233	288	42	+18%

Profit from recurring operations

Profit from recurring operations increased by 24%, being 8% organic growth. Gross margin as a percentage of sales markedly improved on a constant foreign exchange basis due to premiumisation, price increases, fast and successful V&S integration and favourable impact of foreign exchange rates fluctuations. Advertising and promotion expenditure growth was maintained. The ratio of structure costs over net sales decreased in an uncertain and more difficult environment.

Profit from recurring operations as a percentage of sales improved by 240 basis points, from 26% at 31 December 2007 to 28% at 31 December 2008.

Group share of net profit from recurring operations

	31/12/2007 6 months	31/12/2008 6 months
(€ million)		
Profit from recurring operations	966	1 196
Interest (expenses) income from recurring operations	(176)	(339)
Corporate income tax on recurring operations	(183)	(169)
Net profit from discontinued operations, minority interests and share of net income from associates	(13)	(3)
Group share of net profit from recurring operations	594	685

1. Net financial expense from recurring operations

Financial income (expense) from recurring operations amounted to €(339) million, compared to €(176) million at 31 December 2007. This increase of net financial expense arose from financing costs which went up €151 million to €320 million at 31 December 2008, as a consequence of increased debt in relation to the acquisition of V&S.

Indebtedness

Net debt was €12,956 million at 31 December 2008, after the acquisition of V&S for €5,327 million. The improvement in the self-financing capacity was in line with operating profit growth.

2. Corporate income tax on recurring operations

Corporate income tax on recurring operations amounted to €(169) million, being a tax rate of 19.7%.

3. Group share of net profit from recurring operations

Group share of net profit from recurring operations increased by 15% to €685 million, with financing costs under control.

Group share of net profit

(€ million)	31/12/2007 6 mois	31/12/2008 6 mois
Profit from recurring operations	966	1,196
Other operating income and expenses	5	(133)
Operating profit	970	1,063
Interest (expenses) income from recurring operations	(176)	(339)
Other financial income/(expense)	(9)	(46)
Income tax	(184)	(59)
Net profit from discontinued operations, minority interests and share of net income from associates	(13)	(3)
Group share of net profit	588	615

1. Other operating income and expenses

Other operating income and expenses amounted to a negative €133 million at 31 December 2008 and included:

- €(56) million of net restructuring expenses,
- €(77) million of other operating income and expenses, including termination costs to exit V&S distribution contracts.

2. Group share of net profit

Group share of net profit was €615 million, an increase of 5%.

Net result and retained earnings of the Parent company

The net result and retained earnings of the Parent company, Pernod Ricard S.A., amounted to, respectively, €23 million and €1,155 million at 31 December 2008.

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 2007/08 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.

Outlook

The results of the first half-year ended 31 December 2008 were very satisfactory. The second half looks more difficult with tougher conditions in some markets.

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

Consolidated income statement.

(€ million)	31/12/2007	31/12/2008	Notes
Net sales	3,713	4,212	
Cost of sales	(1,587)	(1,710)	
Gross margin after logistics costs	2,126	2,503	
A&P costs	(623)	(731)	
Contribution after A&P expenses	1,503	1,772	
Selling, general and administrative expenses	(537)	(576)	
Profit from recurring operations	966	1,196	
Other operating income and expenses	5	(133)	7
Operating profit	970	1,063	
Net financing costs	(168)	(320)	6
Other financial income (expense)	(18)	(65)	6
Financial income (expense)	(185)	(385)	
Income tax	(184)	(59)	8
Share of net profit/(loss) of associates	0	(1)	
Net profit from continuing operations	601	618	
Net profit from discontinued operations	0	8	
Net profit	601	625	
Including:			
- Attributable to minority interests	13	11	
- Attributable to equity holders of the parent	588	615	
Earnings per share - basic (in euros)	2.77	2.82	9
Earnings per share - diluted (in euros)	2.73	2.79	9
Net earnings per share from continuing operations (excluding discontinued operations) — basic (in euros)	2.77	2.78	
Net earnings per share from continuing operations (excluding discontinued operations) — diluted (in euros)	2.73	2.76	

Consolidated balance sheet.

Assets (€ million)	30/06/2008	31/12/2008	Notes
Net amounts			
Non-current assets			
Intangible assets	7,138	11,566	10
Goodwill	3,203	4,896	10
Property, plant & equipment	1,608	1,700	
Biological assets	66	60	
Non-current financial assets	145	126	
Investments in associates	3	3	
Deferred tax assets	722	1,107	8
Non-current assets	12,885	19,458	
Current assets			
Inventories	3,717	3,615	11
Operating receivables	1,146	1,698	
Income tax receivable	48	53	
Other current assets	195	184	
Current derivative instruments	19	26	
Cash and cash equivalents	421	530	13
Current assets	5,546	6,106	
Assets held for sale	0	68	
Total assets	18,431	25,632	

Liabilities and shareholders' equity (€ million)	30/06/2008	31/12/2008	Notes
Shareholders' equity			
Share capital	341	341	15
Additional paid-in capital	2,065	2,067	
Retained earnings and currency translation adjustments	3,175	2,825	
Net profit attributable to equity holders of the parent	840	615	
Shareholders' equity - attributable to equity holders of the parent	6,420	5,847	
Minority interests	177	183	
Total shareholders' equity	6,597	6,030	
Non-current liabilities			
Non-current provisions	467	529	12
Provisions for pensions and other long-term employee benefits	478	433	12
Deferred tax liabilities	2,128	2,316	8
Bonds	2,352	2,284	13
Non-current derivative instruments	209	276	13
Other non-current financial liabilities	3,053	10,596	13
Total non-current liabilities	8,687	16,435	
Current liabilities			
Current provisions	287	306	12
Operating payables	1,650	2,039	
Income tax payable	103	125	
Other current liabilities	130	49	
Other current financial liabilities	950	330	13
Current derivative instruments	27	319	
Total current liabilities	3,147	3,167	
Total liabilities and shareholders' equity	18,431	25,632	

Statement of changes in shareholders' equity.

(€ million)	Share capital	Additional paid-in capital	Retained earnings	Changes in fair value	Currency translation adjustments	Treasury shares	**Total attributable to equity holders of the parent**	Minority interests	**Total shareholders' equity**
At 01/07/2007	340	2,053	4,012	32	167	(313)	**6,290**	168	**6,458**
Currency translation adjustments					(402)		**(402)**	(5)	**(407)**
Hedges of net foreign currency investments, net of deferred tax.....................					56		**56**		**56**
Fair value of cash flow hedges, net of deferred tax .				(37)			**(37)**		**(37)**
Income and expenses recognised directly through equity				(37)	(346)		**(383)**	(5)	**(388)**
Net profit			588				**588**	13	**601**
Total recognised income and expenses			588	(37)	(346)		**205**	8	**213**
Capital increase.....	0	7					**7**		**7**
Share-based payment			19				**19**		**19**
Purchase/sale of treasury shares			1			(8)	**(6)**		**(6)**
Dividends distributed			(133)				**(133)**	(9)	**(143)**
Changes in scope of consolidation			0		(4)		**(4)**	1	**(2)**
Other movements			3				**3**	(0)	**3**
At 31/12/2007	340	2,059	4,490	(5)	(183)	(321)	**6,381**	169	**6,550**

(€ million)	Share capital	Additional paid-in capital	Retained earnings	Changes in fair value	Currency translation adjustments	Treasury shares	Total attributable to equity holders of the parent	Minority interests	Total shareholders' equity
At 01/07/2008	341	2,065	4,637	8	(514)	(117)	**6,420**	177	**6 597**
Currency translation adjustments					47		**47**	0	**47**
Hedges of net foreign currency investments, net of deferred tax.....................					(897)		**(897)**		**(897)**
Fair value of cash flow hedges, net of deferred tax .				(213)			**(213)**		**(213)**
Income and expenses recognised directly through equity				(213)	(851)		**(1,064)**	0	**(1,063)**
Net profit			615				**615**	11	**625**
Total recognised income and expenses			615	(213)	(851)		**(449)**	11	**(438)**
Capital increase.....	0	2					**2**		**2**
Share-based payment			22				**22**		**22**
Purchase/sale of treasury shares						2	**2**		**2**
Dividends distributed			(150)				**(150)**	(6)	**(155)**
Changes in scope of consolidation							**0**		**0**
Other movements			0				**0**	1	**1**
At 31/12/2008	341	2,067	5,125	(205)	(1,365)	(116)	**5,847**	183	**6,030**

Consolidated cash flow statement.

(€ million)	31/12/2007	31/12/2008	Notes
Cash flow from operating activities			
Net profit attributable to equity holders of the parent	588	615	
Minority interests	13	11	
Share of net profit/(loss) of associates, net of dividends received	(0)	1	
Financial (income) expense	185	385	6
Income tax expense	184	59	8
Net profit from discontinued operations	0	(8)	
Depreciation and amortisation	79	81	
Net changes in provisions	(176)	(50)	
Net change in impairment of goodwill and intangible assets	11	(0)	
Impact of derivatives hedging trading transactions	2	3	
Fair value adjustments on biological assets	2	3	
Net (gain)/loss on disposal of assets	(12)	(0)	7
Share-based payment	19	22	16
Decrease/(increase) in working capital	(543)	(166)	14
Interest paid	(210)	(346)	
Interest received	15	13	
Income tax paid	(161)	(98)	
Income tax received	10	35	
Cash flow from operating activities	6	559	
Cash flow from investing activities			
Capital expenditure	(82)	(116)	14
Proceeds from disposals of property, plant and equipment and intangible assets	16	23	
Change in consolidation scope	0	(5,327)	14
Cash expenditure on acquisition of non-current financial assets	(2)	(25)	
Cash proceeds from the disposals of non-current financial assets	1	1	
Cash flow from investing activities	(67)	(5,444)	
Cash flow from financing activities			
Dividends paid	(273)	(295)	15
Other changes in shareholders' equity	5	2	
Issuance of long term debt	451	10,808	14
Repayment of long term debt	(47)	(5,505)	14
(Acquisition)/disposal of treasury shares	(7)	2	
Cash flow from financing activities	129	5,011	
Cash from discontinued activities	0	8	
Increase/(decrease) in cash and cash equivalents (before effect of exchange rate changes)	69	134	
Net effect of exchange rate changes	(16)	(24)	
Increase/(decrease) in cash and cash equivalents (after effect of exchange rate changes)	53	110	
Cash and cash equivalents at beginning of period	383	421	
Cash and cash equivalents at end of period	435	530	

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 12 February 2009, the Board of Directors approved the consolidated interim financial statements for the first half-year ended 31 December 2008.

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 2008 have been prepared in accordance with IAS 34 (interim financial reporting) of the IFRS (*International Financial Reporting Standards*) as adopted by the European Union.

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 2008, 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 2008.

Estimates — The preparation of consolidated financial statements in accordance with the rules laid down by IFRS involves the use by Management of estimates and assumptions, which have an impact on amounts recognised as assets and liabilities and on the amounts recognised in revenue and expense accounts during the financial year. These estimates assume the business will continue to operate as a going concern and are measured using information available at the time of preparation. Estimates may be revised if the circumstances on which they are based change or if new information arises. Actual results may differ from estimates. At 31 December 2008, 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 2008.

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.

The following standards and interpretations became applicable for Pernod Ricard Group, starting 1 July 2008:

– Amendment to IAS 39 (Financial instruments: recognition and measurement) and IFRS 7 (Financial instruments: disclosures) on financial assets reclassification. This amendment had no impact on condensed consolidated interim financial statements.

– IFRIC 14 (IAS 19 – The limit on the defined benefit asset, minimum funding requirements and their interaction) which clarified the calculation of the limit on a defined benefit asset and its interaction with statutory funding requirement. This interpretation amendment had no impact on condensed consolidated interim financial statements.

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. These include, in particular, interpretation IFRIC 16 (Hedges of a net investment in a foreign operation), whose application will be mandatory for financial years commencing after 1 October 2008, amended IAS 32 and IAS 1 (Puttable financial instruments and obligations arising on liquidation) and amended IFRS 1 and IAS 27 (Cost for a subsidiary in the separate financial statements of a parent on first-time adoption of IFRSs), whose application will be mandatory for financial years commencing after 1 January 2009, revised IFRS 3 (Business combination – Phase II), revised IAS 27 (Consolidated and separate financial statements), amended IAS 39 (Eligible hedged items), whose application will be mandatory for financial years commencing after 1 July 2009,

– Standards published by the IASB, adopted at a European level but whose application becomes compulsory in respect of financial years begun after 1 July 2008. These include IFRS 8 (Operating segments), revised IAS 23 (Borrowing costs), amended IFRS 2 (Vesting conditions and cancellations), revised IAS 1 (Presentation of financial statements), whose application will be mandatory for financial years commencing after 1 January 2009. The Group is currently assessing the potential impact of this standard on its consolidated financial statements.

Note 2. – Key events of the period.

1. Acquisition of Vin&Sprit ("V&S")

On 23 July 2008, Pernod Ricard acquired 100% of the shares in the Vin&Sprit group ("V&S"), for a consideration of €5.3 billion. The acquisition was funded by means of a syndicated multi-currency loan.

In conjunction with this acquisition, the distribution of V&S products by Future Brands and Maxxium was terminated as of 1 October 2008, in exchange for the exit of the Future Brands joint-venture together with a cash consideration of $230 million, and a cash consideration of €59 million and the sale of the shares on 30 March 2009 (€60 million) with respect to Maxxium.

2. Brand disposals

On 30 September 2008, the brand and assets related to Cruzan were sold to Fortune Brands for $100 million.

On 18 December 2008, the Group announced the disposal of the following brands: Grönstedts Cognac, Star Gin, Red Port and Dry Anis to Arcus Gruppen AS. Pernod Ricard had committed to the European Commission to divest these brands.

Note 3. – Consolidation scope.

The main changes in the scope of consolidation at 31 December 2008 are described in Note 2. – Key events of the period, above.

Impact of the main acquisitions and disposals

The impact of acquisitions and disposals in the period on net sales and contribution after advertising and promotional expenses is presented below:

(In € million)	31/12/2007	31/12/2008			
	6 months	Constant scope of consolidation	Effect of acquisitions	Effect of disposals	6 months
Net sales	3,713	3,748	507	(43)	4,212
Contribution after advertising and promotional expenses	1,503	1,597	204	(29)	1,772

The impact of acquisitions and disposals on the main captions of assets of the consolidated balance sheet at 31 December 2008 is detailed in the table below:

(In € million)	30/06/2008	31/12/2008		
		Constant scope of consolidation	Effect of changes in scope of consolidation	Total
Goodwill	3,203	3,320	1,576	4,896
Brands and other intangible assets	7,138	7,442	4,124	11,566
Inventories	3,717	3,451	165	3,615
Other assets	4,373	4,284	1,270	5,555
Total assets	**18,431**	**18,497**	**7,135**	**25,632**

The following table presents net sales and contribution after advertising and promotional expenses of the Group for the period ended 31 December 2008 as if the acquisition of V&S had taken place on 1 July 2008:

(In € million)	31/12/2008
Net sales	4,283
Group net profit	623

Note 4. – Assets held for sale

As part of the acquisition of V&S, the following assets were held for sale at 31 December 2008:

– Brands held for sale, according to the commitment of the Group to the European Commission to divest these brands: Lubuski Gin, Grönstedts Cognac, Star Gin, Red Port and Dry Anis. These brands were sold early in 2009.

– Shares held in the Maxxium joint–venture, which will be sold in March 2009.

These assets are no longer being amortized and are presented separately as assets held for sale. The results of these activities are presented separately in the income statement, since these assets were acquired with a view to dispose of them.

Note 5. – Segment reporting

The Group is organised into four primary reporting segments which are its geographical areas: France, Europe, Americas and Asia/Rest of the World. Following its various restructuring initiatives, the Group is now focused on a single business: the production and sale of wine and spirits. Items in the income statement and the balance sheet are allocated on the basis of either the destination of sales or profits. Segment reporting follows the same accounting policies as those used for the preparation of the consolidated financial statements. Intra-segment transfers are transacted at market prices.

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

Management assesses segment performance based on net sales and profit from recurring operations, which is defined as gross margin after logistics costs less structure costs.

France:

(€ million)	31/12/2007 6 months	31/12/2008 6 months
Net sales	396	404
Gross margin after logistics costs	270	288
Contribution after A&P expenses	183	195
Profit from recurring operations	96	111

Europe:

(€ million)	31/12/2007 6 months	31/12/2008 6 months
Net sales	1,262	1,497
Gross margin after logistics costs	747	837
Contribution after A&P expenses	575	628
Profit from recurring operations	372	411

Americas:

(€million)	31/12/2007 6 months	31/12/2008 6 months
Net sales	970	1,181
Gross margin after logistics costs	552	736
Contribution after A&P expenses	393	537
Profit from recurring operations	265	387

Asia and rest of the world:

(€million)	31/12/2007 6 months	31/12/2008 6 months
Net sales	1,085	1,130
Gross margin after logistics costs	557	641
Contribution after A&P expenses	352	412
Profit from recurring operations	233	288

Total:

(€million)	31/12/2007 6 months	31/12/2008 6 months
Net sales	3,713	4,212
Gross margin after logistics costs	2,126	2,503
Contribution after A&P expenses	1,503	1,772
Profit from recurring operations	966	1,196

Note 6. – Financial income/(expense).

(€ million)	31/12/2007 6 months	31/12/2008 6 months
Net financing cost	(168)	(320)
Other financial income (expense) from recurring operations	(8)	(19)
Financial income (expense) from recurring operations	(176)	(339)
Foreign currency gains and losses	(9)	(21)
Other non current financial income (expense)	0	(25)
Financial income (expense)	(185)	(385)

At 31 December 2008, net financing costs comprised financing costs relating to the syndicated loan (€214 million), bonds (€56 million) and commercial paper (€4 million).

Other non recurring financial income and expenses include the inefficient part of the fair value hedge and the time value of the options, excluded from the hedge.

Note 7. – Other operating income and expenses.

Other operating income and expenses are broken down as follows:

(€ million)	31/12/2006 6 months	31/12/2008 6 months
Restructuring and integration expenses	(17)	(56)
Impairment of assets	(11)	0
Capital gains/(losses) on the disposal of assets	12	0
Other non-current income and expenses	20	(77)
Other operating income/(expense)	5	(133)

At 31 December 2008, restructuring and integration expenses primarily related to reorganisations undertaken after the acquisition of V&S.

Other operating income and expenses include termination costs to exit V&S distribution contracts. Finished goods inventory acquired as part of the acquisition of V&S were adjusted to fair value, whose impact constitutes a non-recurring item recognised as an other operating expense at 31 December 2008 as all these inventories have been considered as being sold at that date.

Note 8. – Income tax.

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

(€ million)	31/12/2007 6 months	31/12/2008 6 months
Current tax	(86)	(127)
Deferred tax	(98)	68
Total	(184)	(59)

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

(€ million)	31/12/2007 6 months	31/12/2008 6 months
Operating profit	970	1,063
Financial income (expense)	(185)	(385)
Taxable profit	785	678
Expected income tax expense at French Statutory tax rate (34.43%)	(270)	(233)
Impact of differences in tax rates	61	85
Impact of tax losses used	7	8
Impact of reduced tax rates	5	3
Other impacts	14	78
Effective income tax expense	(184)	(59)
Effective tax rate	23%	9%

The improvement in the effective tax rate is explained chiefly by the following factors:

- the reduction in the statutory rate in some countries, including the UK,
- the unequal rate of profit growth between subsidiaries taxed at different rates,
- the tax impacts of exchange rate fluctuations during the period.

Deferred taxes are broken down as follows by nature:

(€ million)	30/06/2008	31/12/2008
Unrealised margins in inventories	91	114
Value adjustments to assets and liabilities	69	58
Provision for pension benefits	141	130
Deferred tax assets related to losses eligible for carry-forward	185	374
Provisions (other than provisions for pensions and other long-term employee benefits) and other	235	432
Total deferred tax assets	722	1,107
Accelerated depreciation	42	54
Value adjustments to assets and liabilities	1,962	2,057
Other	124	205
Total deferred tax liabilities	2,128	2,316

The increase in deferred tax assets and liabilities is primarily due to a perimeter effect generated by the acquisition of V&S group.

Deferred taxes calculated on items recognised through equity include, at 31 December 2008, deferred taxes on cash flow hedges for an amount of €94 million and deferred taxes on net investment hedges for €58 million.

Note 9. – Earnings per share.

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

	31/12/2007 6 months	31/12/2008 6 months
Numerator (€ million)		
Group share of net profit	588	615
Group share of net profit from continuing operations	588	607
Denominator (in number of shares)		
Average number of outstanding shares at 31 December 2007	105,979,507	
Average number of outstanding shares, including impact of the two-for-one share par value split (*)	211,959,015	218,255,309
Dilutive effect of stock options	3,355,689	1,783,651
Average number of outstanding shares—diluted	215,314,704	220,038,961
Earnings per share (€) – Group share		
Earnings per share – basic	2.77	2.82
Earnings per share - diluted	2.73	2.79
Net earnings per share from continuing operations – basic	2.77	2.78
Net earnings per share from continuing operations – diluted	2.73	2.76

(*): on 15 January 2008, a two-for-one share par value split was implemented, reducing the par value from €3.10 to €1.55.

Note 10. – Intangible assets and goodwill.

(€ million)	30/06/2008	31/12/2008
Goodwill	3,443	5,121
Brands	7,115	11,538
Other intangible assets	193	141
Gross amounts	10,751	16,799
Goodwill	(239)	(224)
Brands	(47)	(46)
Other intangible assets	(124)	(66)
Amortisation	(410)	(337)
Net intangible assets	10,341	16,462

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

On 23 July 2008, the Group acquired Vin&Sprit, whose entities are fully consolidated as of that date. Goodwill relating to this acquisition amounted to €1,576 million as of the acquisition date and was calculated, on a temporary basis, as described below. The fair value of acquired assets and liabilities, subject to estimates on the basis of information available at closing date, may be further adjusted based on additional assessments or information up to 23 July 2009.

The goodwill arising from the acquisition of V&S is determined as follows:

(In € million)	23/07/2008
Cost of business combination	5,429
Fair value of acquired net assets	3,853
Goodwill	**1,576**

The cost of the business combination is equivalent to €5,429 million, including costs directly related to the acquisition of €102 million. This corresponds to the price paid to the Swedish State for the V&S shares, including the funding of V&S operating cash flows in the period between 1 January 2008 and the date on which the acquisition contract was signed, and excluding €85 million in dividends distributed by V&S to the Swedish state in May 2008.

Furthermore, €521 million was paid by the Group to V&S to extinguish a receivable towards the Swedish state.

The net assets acquired from V&S are broken down as follows:

(In € million) 23/07/2008	Carrying value before acquisition	Fair value of net assets acquired
Intangible assets	404	4,124
Other non current assets	419	346
Non current assets	823	4,470
Current assets	954	515
Assets held for sale	19	155
Total assets	**1,796**	**5,139**
Non current provisions	89	115
Deferred tax liabilities	198	156
Non current financial liabilities	567	628
Current liabilities	290	387
Total liabilities	**1,144**	**1,287**
Net assets acquired	**652**	**3,853**

As part of the purchase price allocation, the following adjustments have been recorded:

— write-off of pre-acquisition brands and intangible assets in an amount of €403 million and valuation of V&S brands at €4,122 million;

— recognition of deferred taxes on V&S brands in an amount of €24 million;

Brands were valued by an independent external expert in accordance with generally accepted valuation practices. Certain acquired brands qualified for future tax benefits in relation to tax amortisation for tax purposes. These benefits, of which a future purchaser may potentially avail, are included in the brand fair value. In addition, a deferred tax liability is recognised in respect of the difference between the book value and the tax value of brands.

— recognition of indemnities related to the liquidation of Future Brands joint venture and to the termination of the distribution agreement with Maxxium.

In the United States, V&S distributed its brand portfolio via the Future Brands joint venture owned 49/51 by V&S and Fortune Brands respectively. The agreement under which V&S brands were distributed by Future Brands was contractually to expire in February 2012.

In most other markets, distribution was provided by Maxxium, a company owned jointly by V&S (25%), Fortune Brands (25%), Rémy Cointreau (25% – which will withdraw from the joint venture in 2009) and The Edrington Group (25%).

Those two joint venture agreements included a clause in case of change of ownership exercisable by the partners. The clauses would enforce V&S to exit the contracts:

- According to a predetermined indemnity mecanism for the Maxxium contract,
- According to terms yet to be defined for the Future Brands contract.

At acquisition date, pursuant to these agreeements, to the near certainty of their termination and to the advanced negotiations on the amount of indemnities, the Group has recorded a liability for an amount equivalent to the indemnities to be paid.

In addition, the joint venture shares have been restated to their fair value.

— fair value adjustment on finished goods inventories for an amount of €29 million.

In the context of the V&S acquisition, finished good inventories were adjusted to fair value at 23 July 2008. The impact of the acquisition on finished good inventories was fully recognised under the caption « other operating income and expenses » at 31 December 2008 as all inventories have been considered as being sold at that date.

As part of the acquisition of V&S, some assets and liabilities acquired from V&S were identified as being held for sale simultaneously with their acquisition. These assets held for sale mainly correspond to Cruzan brand and related assets, to Maxxium and Future Brands shares and to brands of which the Group has committed to dispose to the European Commission.

The other acquired assets and liabilities have been reviewed as well (provisions for risks and charges, pension plans, receivables…).

The fair value adjustments have been determined using management estimates, notably in respect of inventories, provisions and tangible assets.

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

Other intangible assets. — On 9 September 2005, Pernod Ricard and SPI Group signed an agreement by which the Group acquired, for a five-year period, exclusive distribution rights for the Stolichnaya vodka brand and a number of other brands in markets where SPI Group owns the distribution rights, notably the United States.

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

- Pernod Ricard has continued to distribute Stolichnaya without financial benefit for a maximum transition period of six months from the date of the V&S acquisition. This period will enable SPI to find a new distributor for its brands. The exclusive distribution rights were therefore impaired at 30 June 2008 to reflect this cessation of distribution by the Group at the end of the transition period;

- the contract was accompanied by a payment made by the Group of $80 million, partially representing costs in relation to the acquisition of V&S.

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

Note 11. – Inventories.

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

(€ million)	30/06/2008	31/12/2008
Raw materials	150	169
Work-in-progress	2,960	2,838
Goods purchased for resale	412	443
Finished goods	258	232
Gross amounts	3,781	3,682
Raw materials	(15)	(16)
Work-in-progress	(22)	(21)
Goods purchased for resale	(13)	(14)
Finished goods	(14)	(16)
Provision for writedown	(64)	(67)
Inventories, net	3,717	3,615

At 31 December 2008, 87% 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 12. – Provisions.

1. Breakdown of provisions. — The breakdown of provision amounts in the balance sheet is as follows:

(€ million)	30/06/2008	31/12/2008	Ref.
Non-current provisions			
Provisions for pensions and other long-term employee benefits	478	433	11.3
Other non-current provisions for liabilities and charges	467	529	11.2
Current provisions			
Provisions for restructuring	14	37	11.2
Other current provisions for liabilities and charges	274	268	11.2
Total	1,232	1,268	

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

(€ million)	Movements in the period						
	30/06/2008	Charges	Utilisations	Unused reversals	Translation adjustments	Other movements	31/12/2008
Provisions for restructuring	14	34	(20)	(0)	(1)	12	37
Other current provisions	274	26	(13)	(15)	(6)	2	268
Other non-current provisions	467	6	(1)	(12)	(43)	112	529
Provisions	754	66	(35)	(27)	(50)	127	835

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 2008 and 31 December 2008:

(€ million)	2007	2008
	All benefits	All benefits
Provision at 30 June	773	478
(Income)/expense for the period	(24)	27
Changes in plans	0	0
Employer contributions and benefits paid directly by the employer	(89)	(64)
Change in scope of consolidation	1	9
Translation adjustments	(39)	(18)
Provision at 31 December	622	433

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

(€ million)	31/12/2007	31/12/2008
	All benefits	All benefits
Benefits acquired in the period	18	18
Interest cost (discounting effect)	114	109
Expected return on plan asset	(118)	(100)
Amortisation of past service cost	0	0
Amortisation of actuarial (gains) and losses	(37)	0
Effect of ceiling on plan assets	0	0
Effect of settlements and curtailments	0	0
Changes in plans	0	0
Net expense (income) recognised in income	(24)	27

At 31 December 2007, the Group had recognised a €24 million net income in its income statement, including a €37 million income from the amortisation of past service cost, primarily comprising the excess, beyond the limit of the corridor, of actuarial gains recognised in relation to a pension fund in the UK.

Note 13. – Financial liabilities.

Net debt, as defined and used by the Group, corresponds to total gross debt (translated at balance sheet date exchange rates), including the amount of transaction, cash flow hedge and fair value hedge derivatives, less cash and cash equivalents.

At 31 December 2008, net debt includes the following items:

(€ million)	30/06/2008	31/12/2008
Bonds issued	2,352	2,284
Current financial liabilities (excluding bonds)	950	330
Non-current financial liabilities (excluding bonds)	3,053	10,596
Non-current derivative instruments relating to the fair value hedging of financial assets and liabilities	209	276
Cash and cash equivalents	(421)	(530)
Net debt	6,143	12,956

1. Breakdown of gross debt by maturity:

(€ million)	30/06/2008	31/12/2008
Short-term debt	347	292
Portion of long-term debt due within 1 year	1,234	667
Total current debt (less than 1 year)	1,582	959
Portion of long-term debt due between 1 to 5 years	4,024	12,111
Portion of long-term debt due in more than 5 years	958	417
Total non-current debt (more than 1 year)	4,982	12,527
Gross debt	6,563	13,487

Maturities due within 1 year accounted for 7% of total gross debt.

2. Breakdown of net debt by type and by currency, after the effects of hedging, at 31 December 2008:

(€ million)	Total	Syndicated loan (section 6)	Commercial paper	Bonds (section 7 and 8)	Exchange rate swap and others
EUR	5,641	2,997	138	1,476	1,030
USD	7,592	7,339			253
JPY	86	63			23
GBP	(126)			809	(934)
Other currencies	(237)				(237)
Total	12,956	10,399	138	2,284	135

3. Breakdown of net debt by currency and by maturity, after the effects of hedging, at 31 December 2008:

(€ million)	Total	< 1 year	> 1 year and < 5 years	> 5 years	Cash and cash equivalents
EUR	5,641	795	4,656	364	(175)
USD	7,592	270	7,346	0	(24)
JPY	86	30	63	0	(7)
GBP	(126)	(167)	33	28	(20)
Other currencies	(237)	31	13	24	(305)
Total	12,956	959	12,111	417	(530)

4. Breakdown of types of interest rate hedge by currency at 31 December 2008:

(€ million)	Net debt by currency	Fixed debt	"Capped" variable debt	Non-hedged variable debt	% debt hedged/fixed
EUR	5,641	2,576	500	2,565	55%
USD	7,592	3,916	2,227	1,449	81%
JPY	86	0	0	86	0%
GBP	(126)	0	0	(126)	0%
Other currencies	(237)	0	0	(237)	0%
Total	12,956	6,492	2,727	3,737	71%

Of the total €9,219 million of hedged fixed rate debt, €6,492 million originated from debt raised or swapped at a fixed rate. On the basis of such debt and interest rates at 31 December 2008, the euro collar being activated downward, a 0.10%, or 10 basis points change in interest rates would have an impact on the Group's interest costs of €4 million.

5. Schedule of financial liabilities at 31 December 2008. —

The following table shows the maturity of future financial liability-related cash flows (nominal and interest). Variable interest flows have been estimated on the basis of 31 December 2008 rates.

(En euro million)	Balance sheet value	Contractual flows (*)	< 6 months	6 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years
Interest-bearing loans and borrowings:	(13,210)	(14,485)	(1,066)	(200)	(967)	(4,320)	(217)	(7,410)	(304)
Cross currency swaps:	(276)								
- Payable flows		(117)	(30)	(17)	(35)	(687)	(14)	(14)	(375)
- Receivable flows		890	28	13	41	501	15	15	278
Derivative instruments – liability position :	(319)	(480)	(111)	(73)	(131)	(75)	(59)	(28)	(3)
Total	(13,805)	(14,192)	(1,179)	(277)	(1,092)	(4,582)	(275)	(7,437)	(404)

(*) : including interests

In order to manage its liquidity risk, the Group has cash on hand at 31 December 2008 for €530 million as well as facilities available for €1,5 billion. These facilities allow the Group to be able to reimburse its short term financial debt (less than one year), without any additional financing.

6. Vin&Sprit syndicated loan — On 23 July 2008, Pernod Ricard drew down part of the credit facilities made available under the multi-currency syndicated loan agreement signed on 27 March 2008 for a total available amount of €4,988 million (of which €2,020 million multi-currency) and US$10,138 million. At 31 December 2008, drawdowns on this credit facility amounted to €2,997 million, US$10,214 million and YEN 8,000 million, being a total amount of €10,399 million. The credit facilities, whether revolving or with fixed maturity, denominated in euros, US dollars or multi-currency, bear interest at a rate corresponding to the applicable LIBOR (or, for euro-denominated borrowings, EURIBOR), increased by a pre-determined margin and other mandatory costs. These facilities have maturities ranging from one to five years. These borrowings enabled the Group to repay the amounts due under the syndicated loan signed in August 2005, to finance the cash portion of the Allied Domecq acquisition price and to repay certain debt owed by the Group.

In the context of the syndicated loan, the Group committed itself to complying with the net debt/EBITDA ratio and the EBITDA/financial costs ratio. At 31 December 2008, the Group fully complies with both ratios.

7. Bond issue. — On 6 December 2006, the Group issued bonds for a total amount of €850 million in two tranches which have the following features:

- Tranche 1 – variable rate

  The €300 million tranche 1 has a residual maturity of two and a half year (maturity date: 6 June 2011) and carries interest at the Euribor 3-month rate plus 50 basis points.

- Tranche 2 – fixed rate

  The €550 million tranche 2 has a residual maturity of five years (maturity date: 6 December 2013), and carries interest at a fixed rate of 4.625%.

8. Allied Domecq bonds. — At 31 December 2008, bonds issued by Allied Domecq Financial Services Ltd are composed of an amount of €600 million bearing a nominal interest rate of 5.875% maturing on 12 June 2009, an amount of £450 million bearing a nominal interest rate of 6.625% maturing on 18 April 2011 and an amount of £250 million bearing a nominal interest rate of 6.625% maturing on 12 June 2014.

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

1. Changes in working capital requirements. — During the second semester of 2008, Pernod Ricard has put in place in some entities some factoring programs for a gross amount of €390 million. The resulting cash enabled the Group to partially reimburse the Vin&Sprit acquisition loan. Since most of the risks and rewards have been transferred, the receivables have been derecognised at 31 December 2008.

2. Acquisitions of non-financial non-current assets. — Acquisitions of non-financial non-current assets primarily comprise the purchase of barrels, casks and equipment, as well as the building of new warehouses or distilleries in production subsidiaries.

3. Change in consolidation scope. — Pernod Ricard consolidates V&S entities as of 23 July 2008.

4. Increase/decrease in loans. — The Group has subscribed a new syndicated loan in July 2008 to finance the acquisition of V&S and reimburse the syndicated loan subscribed in April 2005.

Note 15. – Shareholders' equity.

1. Share capital. — Pernod Ricard's share capital changed as follows between 1 July and 31 December 2008:

	Number of shares	**Amount (€ million)**
Share capital at 30 June 2008	219,682,974	341
Exercise of options as part of share subscription plans	61,204	0
Share capital at 31 December 2008	219,744,178	341

Only one category of shares, fully paid ordinary 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 2008, Pernod Ricard SA and its controlled subsidiaries held 1 413 621 Pernod Ricard shares for a value of € 83 million.

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

3. Dividends paid and proposed. — Following the Shareholders' Meeting of 5 November 2008, the Group, on 18 November 2008, paid the outstanding dividend balance due in respect of the financial year ended 30 June 2008, being €0.69 per share. The total dividend in respect of the financial year ended 30 June 2008 was €1.32 per share.

Note 16. – Share-based payments.

The Group recognised an expense of €22 million within operating profit relating to the stock option plans applicable at 31 December 2008 and a €1 million expense in respect of the SARs programme (Stock Appreciation Right). A liability of €3 million is recognised in other current liabilities at 31 December 2008 in respect of the SARs programmes.

No new stock option plan has been granted since 30 June 2008. Options granted by the plan of 2 November 2004 became exercisable from 18 November 2008.

All plans are either equity or cash-settled.

The number of unexercised options changed as follows between 30 June 2008 and 31 December 2008:

	Units
Number of unexercised options at 30 June 2008	10,038,697
Number of options exercised during the period	(183,790)
Number of options cancelled over the period	(43,494)
Number of unexercised options at 31 December 2008	9,811,413

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

(€ million)	Total	*< 1 year*	*>1 year and < 5 years*	*> 5 years*
Guarantees received	53	50	1	2
Guarantees granted	198	150	13	34
Contractual obligations:				
- Unconditional purchase obligations	889	201	591	96
- Operating lease agreements	196	37	91	68
- Other contractual obligations	22	10	10	2

1. Details of main commitments and obligations.

In the context of past acquisitions, warranties with respect to the adequacy of liabilities, notably of a tax-related nature, were granted. Provisions have been recognised to the extent of the amount of the risks as estimated by Group.

Main guarantees granted:

— The Group guaranteed the Allied Domecq pension fund for the contributions owed to it by Allied Domecq Holdings Ltd and its subsidiaries. In addition, the Group granted a guarantee to the holders of the Allied Domecq bonds, whose amount was €1,396 million at 31 December 2008.

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, respectively, in amounts of €288 million, €103 million and €185 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 €288 million under matured spirit supply agreements.

3. Financial instruments.

— Fair value of financial instruments.

(€ million)	IAS 39 category	Carrying amount at 31/12/2008	Fair market value at 31/12/2008
Assets			
Trade receivables	Receivables at amortised cost	1,698	1,698
Other current assets	Receivables at amortised cost	184	184
Non-current financial assets:			
- Available-for-sale financial assets	Available-for-sale financial assets at fair value through equity	59	59
- Guarantees and deposits	Financial assets at fair value through income	50	50
- Investment-related receivables	Receivables at amortised cost	8	8
- Other financial assets	Financial assets at fair value through income	9	9
Derivative instruments – assets	Financial assets at fair value	26	26
Marketable securities	Financial assets at fair value through income	2	2
Cash	Financial assets at fair value through income	528	528
Liabilities			
Bonds	Financial liabilities at amortised cost and fair value	2,284	2,042
Bank loans:			
- Syndicated loan	Financial liabilities at amortised cost	10,399	10,399
- Commercial paper	Financial liabilities at amortised cost	138	138
- Other	Financial liabilities at amortised cost	339	339
Finance lease obligations	Financial liabilities at amortised cost	50	50
Derivative instruments – liabilities	Financial liabilities at fair value	595	595

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

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

Financial instrument fair value movements between 30 June 2008 and 31 December 2008 were not significant.

The methods used are as follows:

— bonds: market liquidity enabled the bonds to be valued at their fair value;

— other long-term financial liabilities: the fair value of other long-term financial liabilities is calculated for each loan by discounting future cash flows using an interest rate taking into account the Group's credit risk at the balance sheet date;

— derivative instruments: the fair value of forward foreign currency and interest rate and foreign currency swaps were calculated using the market price that the Group would have to pay or receive to unwind these contracts.

4. 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 2008 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 S.A. (HCH) and in some countries by a Cuban public company (Cuba export). Ownership of this brand is currently being contested in the United States, as well as in Canada and Spain by a competitor of the Group.

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

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

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

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

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

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

Champomy

During 2001, the National Institute for Appellations of Origin (INAO) and the French Comité Interprofessionnel des Vins de Champagne (CIVC) summoned Pernod Ricard and its subsidiaries before the Courts of Paris in order to request the invalidity of the Champomy brands and the prohibition from using them on the grounds that they constitute a violation of the Champagne appellation of origin. Since then, these brands have been sold to the Cadbury Schweppes group. However, Pernod Ricard has granted a warranty to the purchaser with regard to the validity of these trademarks and its contractual liability would be triggered in the event that Champomy brands are cancelled. Pursuant to a court decision of 10 May 2006, the Paris First Instance Court dismissed all the claims of INAO and CIVC. INAO and the CIVC have lodged an appeal but most of their claims were also dismissed by Paris Court of Appeal on 7 November 2007. CIVC and INAO filed an appeal to the Cour de Cassation and presented their supplemental brief in July 2008. A decision is expected by the end of 2009.

Stolichnaya Trademark

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

That appeal has been fully briefed but oral argument has not been heard. On May 15, 2008, plaintiff Federal Treasury Enterprise Sojuzplodoimport (“FTE”) moved (with the consent of all parties) to stay the appeal for one year to allow FTE and S.P.I Spirits to negotiate the resolution of the appeal and other cases pending around the world between FTE and S.P.I Spirits. On May 19, 2008, the appellate court granted that motion and stayed the appeal for one year.

Commercial disputes

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

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

The defendants moved to dismiss the lawsuit on a variety of grounds, including that the Court lacks subject matter jurisdiction, that Colombia is a more convenient forum, and that the Complaint fails to state a legal claim. On June 19, 2007, the District Court granted in part and denied in part the defendants’ motions to dismiss. On January 18, 2008, the Second Circuit Court of Appeals refused to review the District Court’s decision.

The Parties are now in discovery regarding the Plaintiffs’ claims that were not dismissed. Pernod Ricard will continue to vigorously defend itself against the claims.

Putative class actions in the United States of America

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

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

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

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

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

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

Note 18. – Related parties.

During the first half-year ended 31 December 2008, relations between the Group and its associates remained the same as in the financial year ended 30 June 2008, 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 16 January 2009, the Group has signed an agreement to sell Lubuski Gin to Vinpol Sp Zoo. This brand was part of the V&S portfolio, acquired on 23 July 2008. This transaction will be completed after obtaining the agreement of the European Commission.

On 19 January 2009, the Group sold Serkova Vodka, its vodka brand in the Greek market to Amvyx SA, having secured the agreement of the European Commission.

As part of the acquisition of V&S, Pernod Ricard made a commitment to the European Commission to divest these brands.

In January 2009, according to the agreement signed with SPI, the Group stopped distributing the Russian vodka Stolichnaya on markets where SPI owned the brand rights.

IV. Statutory auditors' report on the condensed consolidated half-year financial information

July 1st to December 31, 2008

This is a free translation into English of the statutory auditor's review report issued in French 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.

To the Board of Directors,

In our capacity as statutory auditors and in accordance with articles L. 232-7 of the French Company Law (Code de commerce) and L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- our review of the accompanying condensed half-yearly consolidated financial statements of Pernod Ricard, for the period from July 1 to December 30, 2008, and
- the verification of the information contained in the interim management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

We conducted our review in accordance with professional standards applicable in France. A review of condensed half-yearly consolidated financial statements leads to implement procedures substantially less in scope than an audit conducted for the needs of a certification. A review consists in making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review only provide moderate assurance, lower than an assurance provided for an audit, that the condensed half-yearly consolidated financial statements do not contain any material misstatements.

Based on our review, nothing has come to our attention that causes us to believe that these condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – IFRS as adopted by the European Union applicable to condensed half-yearly consolidated financial statements.

We have also verified the information provided in the interim management report in respect of the half-yearly financial statements that were the object of our review.

We have nothing to report on the fairness and consistency of this information with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine and La Défense, February 12th, 2009

The Statutory Auditors

Deloitte & Associés	Mazars SA
Alain Penanguer	Loïc Wallaert