PERNOD RICARD
Limited Company with a share capital of € 411,403,467.60
Registered office: 12, place des Etats–Unis - 75116 Paris - France
Company registration number: 582 041 943 R.C.S. Paris.

HALF-YEAR FINANCIAL REPORT

for the half-year ended 31 December 2013

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

RAPPORT FINANCIER SEMESTRIEL Semestre clos le 31 décembre 2013 of PERNOD RICARD GROUP

The present interim financial report relates to the half-year ended 31 December 2013 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 in half year 2013/14

Shareholders approved the amendment of the Company bylaws in order to determine the appointment process of the Directors representing employees in accordance with the law of 14 June 2013 relating to the protection of employment. Thus, the first Director representing employees was appointed by the European works council on 27 November 2013 and the second by the group committee (France) on 2 December 2013.

2. Key figures and business analysis

In the first half of its 2013/14 financial year (from 1 July to 31 December 2013), Pernod Ricard generated, at constant forex and Group structure, virtually- stable sales and slight growth in profit from recurring operations, with an overall performance that improved in the second quarter. The half-year performance was essentially impacted by a single market, China (organic* sales -18%), where the market context has been more difficult than anticipated. Excluding China, the region Asia-Rest of World is in growth (+2%). Separately, Europe posted a good performance (+4%) and the Americas, driven by the United States, returned to growth thanks to a good second quarter.
As for sales by category, sales of the Top 14 were relatively stable, impacted essentially by the decline of Martell in China, thus causing a negative mix effect of -4%.

Thanks to the strict control of resources over the period, the Group improved its operational leverage, enabling expansion of the operating margin.
However, a highly unfavourable forex evolution impacted reported results and the net debt/EBITDA.

Key figures are as follows:

- ✓ virtually-stable organic** sales growth, reflecting an improvement in the second quarter (+2%) compared to the first (-1%);
- ✓ reported sales decline of -7%, impacted by a highly unfavourable forex impact of -6%;
- ✓ an improved gross margin rate of 63.6% reflecting sustained Premiumisation and strict control of input costs;
- ✓ virtual stability of the ratio of advertising and promotion expenditure/sales at approximately 18.0%;
- ✓ profit from recurring operations of € 1,359 million, representing organic* growth of +2% compared to the first half of 2012/13; this reflects elements stated above;
- ✓ a stable operating margin rate (profit from recurring operations/sales) of 29.7%, reflecting a +34bps organic* improvement;
- ✓ group share of net profit totalled € 828 million, a -2% decrease compared to the first half of the 2012/13 financial year;
- ✓ debt reduction after a favourable translation adjustment; net debt amounted to € 8,626 million at 31 December 2013 vs. € 8,727 million at 30 June 2013.

Profit from recurring operations

Group

(€ million)	31/12/2012 6 months	31/12/2013 6 months	Organic* growth In M€	Organic* growth In %
Net sales	4,907	4,570	18	0%
Gross margin after logistics costs	3,096	2,909	21	1%
Advertising and promotional (A&P) expenses	(888)	(821)	21	(2%)
Contribution after A&P	2,208	2,088	42	2%
Profit from recurring operations	**1,459**	**1,359**	**22**	**2%**

Pernod Ricard's **2013/14 1st half-year consolidated** net sales (excluding tax and duties) declined -7% to **€ 4,570 million**, compared to € 4,907 million in 1st half-year 2012/13. This was due to:

- ✓ virtually-stable organic* growth, with (i) virtually-stability of the Top 14 strategic brands, despite favourable pricing (+3%), mainly due to the decline of Martell in China; and (ii) good performance of the key local brands (+4%) driven by the dynamism of the Indian whiskies, except Imperial which impacted the mix effect. In terms of markets, mature markets grew sales +1% organically* whereas emerging markets showed a slight decline of -1%, with (i) a decline in Asia-Rest of World attributable to China; (ii) growth in the Americas driven by the United States; (iii) very good performance in Europe, with a return to growth in the West and sustained growth in the East;
- ✓ a highly unfavourable -6% foreign exchange effect, due to the depreciation, at the average rates, of several currencies, particularly the Indian rupee, US dollar, Australian dollar and Japanese yen;
- ✓ a -1% negative group structure effect, primarily due to the disposals of certain Scandinavian and Spanish activities in 2012/13.

* At constant forex and Group structure

Gross margin after logistics costs totalled € 2,909 million, representing organic* growth of +1% and a reported decline of -6% due to a negative foreign exchange effect of -6%. The improvement in the gross margin rate, which rose from 63.1% to 63.6% of sales (organic* growth of +19 bps), resulted primarily from sustained Premiumisation, favourable pricing due to numerous price increases and control of input costs (increase of less than +2%, excluding mix effects).

Advertising and promotion expenditure in the first half 2013/14 totalled € 821 million (organic* growth of -2%), representing a virtually-stable ratio of advertising and promotion expenditure/sales at approximately 18.0%, compared to the same period of the previous financial year.

The contribution after advertising and promotion expenditure reached € 2,088 million (-5%), with organic* growth of +2%. It represented 45.7% of sales, up 68 bps (organic* growth) compared to the previous financial year.

Profit from recurring operations declined -7% to € 1,359 million, resulting from organic* growth of +2%, a highly unfavourable -8% foreign exchange effect and a limited group structure effect. The operating margin was 29.7%, an increase of +34 bps (organic* growth) compared to the 1st half of the previous financial year.

Business activity by geographic area

Europe:

(€ million)	31/12/2012 6 months	31/12/2013 6 months	Organic* growth In M€	Organic* growth In %
Net sales	1,619	1,612	59	4%
Gross margin after logistics costs	1,003	1,025	45	5%
A&P expenses	(286)	(292)	(12)	4%
Profit from recurring operations	**407**	**419**	**27**	**7%**

Americas:

(€ million)	31/12/2012 6 months	31/12/2013 6 months	Organic* growth In M€	Organic* growth In %
Net sales	1,282	1,209	41	3%
Gross margin after logistics costs	831	794	39	5%
A&P expenses	(243)	(231)	(6)	2%
Profit from recurring operations	**378**	**356**	**19**	**5%**

Asia/Rest of World:

(€ million)	31/12/2012 6 months	31/12/2013 6 months	Organic* growth In M€	Organic* growth In %
Net sales	2,005	1,749	(82)	(4%)
Gross margin after logistics costs	1,262	1,089	(63)	(5%)
A&P expenses	(359)	(298)	39	(11%)
Profit from recurring operations	**674**	**584**	**(24)**	**(4%)**

- ✓ **Europe**: an excellent performance, representing an improvement compared to the previous full financial year, with an organic* increase in profit from recurring operations of +7%. This is the result of double-digit sales organic* growth in Eastern Europe and an improving trend in Western Europe. However, performances by market vary. Thanks to a strengthened Top 14 the gross margin increased. Advertising & promotional expenses were targeted toward Eastern Europe (organic* growth of +14%).
- ✓ **Americas:** profit from recurring operations improved, posting +5% organic* growth, outpacing sales growth (organic* growth of +3%), thanks to Premiumisation, in particular in the United States, which drove the gross margin +5% (organic* growth), and to the control of resources.

* At constant forex and Group structure

- ✓ **Asia/Rest of World:** the organic* decline in profit from recurring operations of -4% is in line with that of sales, the latter due to China where market conditions were more difficult in the first half. Separately, profit from recurring operations for the region was impacted by highly unfavourable comparatives (organic* growth of +19% in the first half 2012/13) as well as by a gross margin slightly penalised by the brand/market mix. Pernod Ricard adjusted its resources in a targeted manner, based on the competitive intensity and by leveraging the Group's critical mass in certain markets.

Group share of net profit from recurring operations

(€ million)	31/12/2012[(1)] 6 months	31/12/2013 6 months
Profit from recurring operations	1,459	1,359
Interest (expenses) income from recurring operations	(280)	(227)
Corporate income tax on recurring operations	(317)	(295)
Net profit from discontinued operations, non-controlling interests and share of net income from associates	(11)	(11)
Group share of net profit from recurring operations	**852**	**826**
Group net profit per share from recurring operations – diluted (in euro)	**3.20**	**3.11**

Net financial expenses from recurring operations

Net financial expenses from recurring operations totalled € (227) million, € (53) million lower than the amount in the comparable period. Average cost of debt amounted to 4.6%, a significant decline, as announced, compared to 5.4% for the half-year 2012/13.

For the FY 2013/14 the average cost of debt should be close to that of the half year.

Net debt

Net debt was € 8,626 million at 31 December 2013 compared to € 8,727 million at 30 June 2013, a decrease of € (102) million, due to a favourable forex impact. Excluding the forex impact, net debt totalled € 8,906 million.

Income tax on recurring operations

Income tax on items from recurring operations amounted to € (295) million, equating to a tax rate of 26.1% versus 26.8% over the first half of 2012/13.

Group share of net profit from recurring operations

Group share of net profit from recurring operations amounted to € 826 million at 31 December 2013, a decrease of -3%, less than the reported decline in profit from recurring operations thanks to the strong reduction in financial expenses and the slight reduction in tax from recurring operations. Excluding the foreign exchange impact, growth of group share of net profit from recurring operations is +6%.

* At constant forex and Group structure

(1) Data published with respect to fiscal year 2012/2013 has been adjusted following the application of amended IAS 19 (Employee Benefits), adopted in the European Union and whose application is mandatory for the Group from 1 July 2013.
These adjustments are presented in Note 7 to this half-year activity report and in Note 24 to the condensed consolidated interim financial statements.

Group share of net profit

(€ million)	31/12/2012[1] 6 months	31/12/2013 6 months
Profit from recurring operations	1,459	1,359
Other operating income and expenses	(95)	(20)
Operating profit	1,364	1,339
Interest (expenses) income from recurring operations	(280)	(227)
Other financial income/ (expenses)	(0)	2
Income tax	(227)	(275)
Net profit from discontinued operations, non-controlling interests and share of net income from associates	(11)	(11)
Group share of net profit	**846**	**828**

Other operating income and expenses

Other operating income and expenses amounted to € (20) million at 31 December 2013 and included:

- ✓ Net restructuring expenses of € (6) million;
- ✓ Other non-recurring income and expenses of € (14) million.

Group share of net profit

Group share of net profit was € 828 million, a decrease of -2%.

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 respectively, € 291 million and € 454 million at 31 December 2013.

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 2012/13 registration document, available from the website of the *Autorité des Marchés Financiers* or from the Pernod Ricard website.

5. Outlook

Pernod Ricard remains confident in the medium and long-term growth potential of China but anticipates difficulties to persist for the full financial year. Pernod Ricard's priority is the Group's future sales growth through a sound commercial policy and an appropriate level of investment. As a result, Pernod Ricard's new guidance for the full financial year 2013/14 is organic* growth in profit from recurring operations between +1% and +3%.

6. Main related-party transactions

Information related to related parties transactions are detailed in note 22 of the notes to the condensed consolidated interim financial statements included in this document.

* At constant forex and Group structure

(1) Data published with respect to fiscal year 2012/2013 has been adjusted following the application of amended IAS 19 (Employee Benefits), adopted in the European Union and whose application is mandatory for the Group from 1 July 2013.
These adjustments are presented in Note 7 to this half-year activity report and in Note 24 to the condensed consolidated interim financial statements.

7. Restatement of comparative information

As of 1 July, 2013, Pernod Ricard applied, with retrospective effect from 1 July 2012, amended IAS 19, adopted in the European Union and whose application is mandatory for the Group from this date: please refer to Note 1.3 to the condensed consolidated interim financial statements.

As a result, the 2012/2013 full year and half-year income statements were adjusted, as presented below:

(€ million)	Published 31/12/2012	Application of amended IAS 19	Restated 31/12/2012
Net sales	**4,907**		**4,907**
Gross Margin after logistics costs	**3,096**		**3,096**
A&P expenditure	(888)		(888)
Contribution after A&P expenditure	**2,208**		**2,208**
Structure costs	(749)	0	(749)
Profit from recurring operations	**1,459**	**0**	**1,459**
Financial income/(expense) from recurring operations	(272)	(8)	(280)
Corporate income tax on items from recurring operations	(319)	2	(317)
Net profit from discontinued operations, minority interests and share of net income from associates	(11)	0	(11)
Group share of net profit from recurring operations	**857**	**(5)**	**852**
Other operating income & expenses	(101)	6	(95)
Non-recurring financial items	(0)		(0)
Corporate income tax on items from non-recurring operations	91	(1)	89
Group share of net profit	**847**	**(1)**	**846**
Non-controlling interests	11	(0)	11
Net profit	**858**	**(1)**	**857**

(€ million)	Published 30/06/2013	Application of amended IAS 19	Restated 30/06/2013
Net sales	**8,575**		**8,575**
Gross Margin after logistics costs	**5,351**		**5,351**
A&P expenditure	(1,644)		(1,644)
Contribution after A&P expenditure	**3,707**		**3,707**
Structure costs	(1,477)	1	(1,476)
Profit from recurring operations	**2,230**	**1**	**2,231**
Financial income/(expense) from recurring operations	(527)	(15)	(542)
Corporate income tax on items from recurring operations	(430)	(12)	(442)
Net profit from discontinued operations, minority interests and share of net income from associates	(19)	0	(19)
Group share of net profit from recurring operations	**1,255**	**(27)**	**1,228**
Other operating income & expenses	(124)	12	(112)
Non-recurring financial items	(12)		(12)
Corporate income tax on items from non-recurring operations	71	(2)	68
Group share of net profit	**1,189**	**(17)**	**1,172**
Non-controlling interests	19	(0)	19
Net profit	**1,208**	**(17)**	**1,191**

III. Condensed consolidated interim financial statements

1. Consolidated income statement

(€ million)	31/12/2012[1]	31/12/2013	Notes
Net sales	4,907	4,570	4
Cost of sales	(1,810)	(1,662)	4
Gross margin after logistics costs	**3,096**	**2,909**	**4**
A&P costs	(888)	(821)	4
Contribution after A&P expenses	**2,208**	**2,088**	
Selling, general and administrative expenses	(749)	(729)	
Profit from recurring operations	**1,459**	**1,359**	
Other operating income	44	37	6
Other operating expenses	(140)	(56)	6
Operating profit	**1,364**	**1,339**	
Financial expenses	(292)	(234)	
Financial income	11	9	
Financial income (expenses)	**(280)**	**(225)**	5
Income tax	(227)	(275)	7
Share of net profit/(loss) of associates	0	0	
Net profit from continuing operations	857	839	
Net profit from discontinued operations	-	-	
Net profit	**857**	**839**	
Including:			
- Attributable to non-controlling interests	11	11	
- Attributable to equity holders of the Parent	846	828	
Earnings per share - basic (in euros)	3.21	3.15	8
Earnings per share - diluted (in euros)	3.18	3.12	8
Net earnings per share from continuing operations (excluding discontinued operations) — basic (in euros)	3.21	3.15	8
Net earnings per share from continuing operations (excluding discontinued operations) — diluted (in euros)	3.18	3.12	8

[1] As of 1 July 2013, Pernod Ricard applied, with retrospective effect as from 1 July 2012, amended IAS 19 (Employee Benefits), adopted in the European Union and whose application is mandatory for the Group from this date (please refer to Note 1.3). As a result, the 2012/2013 full year and half-year financial statements were adjusted in accordance with the new standard (please refer to Note 24).

2. Half-year consolidated statement of comprehensive income

(€ million)	31/12/2012[1]	31/12/2013
Net profit for the period	**857**	**839**
Items not reclassified to profit or loss		
Actuarial gains/(losses) related to employee defined benefit plans	**(53)**	**18**
Amounts recognised in shareholders' equity	*(67)*	*23*
Tax impact	14	(5)
Items that may be reclassified to profit or loss		
Net investment hedges	**106**	**120**
Amounts recognised in shareholders' equity	*106*	*120*
Tax impact	-	-
Cash flow hedges	**36**	**35**
Amounts recognised in shareholders' equity	*60*	*49*
Tax impact	*(24)*	*(13)*
Available-for-sale financial assets	-	-
Unrealized gains and losses recognised in shareholders' equity	-	-
Tax impact	-	-
Items reclassified to profit or loss		
Cash flow hedges	**(5)**	**(7)**
Amount recycled in net profit	*(10)*	*(11)*
Tax impact	*5*	*4*
Available-for-sale financial assets	-	-
Amount removed from equity and included in profit/loss following a disposal	-	-
Tax impact	-	-
Exchange differences	**(332)**	**(323)**
Other comprehensive income, net of tax	**(248)**	**(157)**
Comprehensive net profit for the period	**609**	**681**
Including:		
- Attributable to equity holders of the Parent	601	677
- Attributable to non-controlling interests	8	4

[1] As of 1 July 2013, Pernod Ricard applied, with retrospective effect as from 1 July 2012, amended IAS 19 (Employee Benefits), adopted in the European Union and whose application is mandatory for the Group from this date (please refer to Note 1.3). As a result, the 2012/2013 full year and half-year financial statements were adjusted in accordance with the new standard (please refer to Note 24).

3. Consolidated balance sheet

3.1 – Assets

Assets (€ million)	30/06/2013[1]	31/12/2013	Notes
Net amounts			
Non-current assets			
Intangible assets	11,780	11,447	9
Goodwill	4,973	4,844	9
Property, plant and equipment	1,942	1,930	
Biological assets	133	132	
Non-current financial assets	357	454	
Investments in associates	16	15	
Non-current derivative instruments	59	73	15
Deferred tax assets	1,771	1,729	7
Non-current assets	**21,030**	**20,625**	
Current assets			
Inventory and work in progress	4,484	4,568	10
Trade receivables	1,159	1,695	
Income taxes receivable	27	39	
Other current assets	209	198	12
Current derivative instruments	23	36	15
Cash and cash equivalents	597	653	14
Current assets	**6,499**	**7,188**	
Assets held for sale	8	4	
Total assets	**27,537**	**27,817**	

[1] As of 1 July 2013, Pernod Ricard applied, with retrospective effect as from 1 July 2012, amended IAS 19 (Employee Benefits), adopted in the European Union and whose application is mandatory for the Group from this date (please refer to Note 1.3). As a result, the 2012/2013 full year and half-year financial statements were adjusted in accordance with the new standard (please refer to Note 24).

3.2 - Liabilities

Liabilities and shareholders' equity (€ million)	30/06/2013[1]	31/12/2013	Notes
Shareholders' equity			
Share capital	411	411	18
Share premium	3,052	3,052	
Retained earnings and currency translation adjustments	6,379	7,175	
Group net profit	1,172	828	
Group shareholders' equity	**11,014**	**11,467**	
Non-controlling interests	165	162	
Total shareholders' equity	**11,179**	**11,629**	
Non-current liabilities			
Non-current provisions	587	548	13
Provisions for pensions and other long-term employee benefits	565	566	13
Deferred tax liabilities	2,924	2,954	7
Bonds-non-current	6,949	6,731	14
Non-current derivative instruments	152	122	15
Other non-current financial liabilities	763	1,319	14
Total non-current liabilities	**11,940**	**12,241**	
Current liabilities			
Current provisions	163	153	13
Trade payables	1,546	1,572	
Income taxes payable	127	167	
Other current liabilities	924	765	16
Other current financial liabilities	567	700	14
Bonds-current	1,001	525	14
Current derivative instruments	89	65	15
Total current liabilities	**4,418**	**3,947**	
Liabilities held for sale	0	0	
Total liabilities and shareholders' equity	**27,537**	**27,817**	

[1] As of 1 July 2013, Pernod Ricard applied, with retrospective effect as from 1 July 2012, amended IAS 19 (Employee Benefits), adopted in the European Union and whose application is mandatory for the Group from this date (please refer to Note 1.3). As a result, the 2012/2013 full year and half-year financial statements were adjusted in accordance with the new standard (please refer to Note 24).

4. Statement of changes in shareholders' equity

(€ million)	Share capital	Additional paid-in capital	Consolidated reserves	Actuarial gains and losses	Changes in fair value	Currency translation adjustments	Treasury shares	Total attributable to equity holders of the Parent	Non - controlling interests	Total shareholders' equity
At 01/07/2012	**411**	**3,049**	**7,604**	**0**	**(167)**	**160**	**(254)**	**10,803**	**169**	**10,972**
Application of amended IAS 19[1]	-	-	-	(251)	-	-	-	**(251)**	(3)	**(254)**
At 01/07/2012 - restated[1]	**411**	**3,049**	**7,604**	**(251)**	**(167)**	**160**	**(254)**	**10,553**	**166**	**10,719**
Statement of comprehensive income	-	-	847	-	31	(229)	-	**650**	8	**658**
Capital increase	0	3	-	-	-	-	-	**3**	-	**3**
Share-based payment	-	-	20	-	-	-	-	**20**	-	**20**
Purchase/sale of treasury shares	-	-	-	-	-	-	38	**38**	-	**38**
Sale with option of repurchase	-	-	-	-	-	-	(3)	**(3)**	-	**(3)**
Dividends distributed	-	-	(225)	-	-	-	-	**(225)**	(11)	**(235)**
Changes in scope of consolidation	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	5	-	-	-	-	**5**	(0)	**5**
At 31/12/2012[1]	**411**	**3,052**	**8,251**	**(251)**	**(136)**	**(69)**	**(218)**	**11,041**	**163**	**11,205**
Application of amended IAS 19[1]	-	-	(1)	(53)	-	5	-	**(49)**	(0)	**(49)**
At 31/12/2012 - restated[1]	**411**	**3,052**	**8,250**	**(304)**	**(136)**	**(64)**	**(218)**	**11,992**	**163**	**11,156**

(€ million)	Share capital	Additional paid-in capital	Consolidated reserves	Actuarial gains and losses	Changes in fair value	Currency translation adjustments	Treasury shares	Total attributable to equity holders of the Parent	Non - controlling interests	Total shareholders' equity
At 01/07/2013 - restated[1]	**411**	**3,052**	**8,384**	**(158)**	**(95)**	**(347)**	**(234)**	**11,014**	**165**	**11,179**
Statement of comprehensive income	-	-	828	18	28	(197)	-	**677**	4	**681**
Capital increase	-	-	-	-	-	-	-	-	-	-
Share-based payment	-	-	19	-	-	-	-	**19**	-	**19**
Purchase/sale of treasury shares	-	-	-	-	-	-	(21)	**(21)**	-	**(21)**
Sale with option of repurchase	-	-	-	-	-	-	-	-	-	-
Dividends distributed	-	-	(222)	-	-	-	-	**(222)**	(7)	**(229)**
Changes in scope of consolidation	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	(1)	-	-	-	-	**(1)**	-	**(1)**
At 31/12/2013	**411**	**3,052**	**9,009**	**(140)**	**(67)**	**(544)**	**(254)**	**11,467**	**162**	**11,629**

[1] As of 1 July 2013, Pernod Ricard applied, with retrospective effect as from 1 July 2012, amended IAS 19 (Employee Benefits), adopted in the European Union and whose application is mandatory for the Group from this date (please refer to Note 1.3). As a result, the 2012/2013 full year and half-year financial statements were adjusted in accordance with the new standard (please refer to Note 24).

5. Consolidated cash flow statement

(€ million)	31/12/2012[1]	31/12/2013	Notes
Cash flow from operating activities			
Net profit attributable to equity holders of the parent	846	828	
Non-controlling interests	11	11	
Share of net profit/(loss) of associates, net of dividends received	(0)	(0)	
Financial (income) expense	280	225	5
Income tax expense	227	275	7
Net profit from discontinued operations	-	-	
Depreciation and amortisation	85	97	
Net changes in provisions	(58)	(68)	
Net change in impairment of goodwill and intangible assets	73	3	
Impact of derivatives hedging trading transactions	(3)	(3)	
Fair value adjustments on biological assets	(1)	(4)	
Net (gain)/loss on disposal of assets	(32)	-	6
Share-based payment	18	19	19
Self-financing capacity before interest and tax	**1,447**	**1,384**	
Decrease/(increase) in working capital	(548)	(536)	17
Interest paid	(280)	(223)	
Interest received	8	4	
Income tax paid	(161)	(195)	
Income tax received	-	-	
Cash flow from operating activities	**465**	**433**	
Cash flow from investing activities			
Capital expenditure	(143)	(140)	17
Proceeds from disposals of property, plant and equipment and intangible assets	40	6	17
Change in consolidation scope	-	-	
Cash expenditure on acquisition of non-current financial assets	(16)	(26)	
Cash proceeds from the disposals of non-current financial assets	4	9	
Cash flow from investing activities	**(115)**	**(151)**	
Cash flow from financing activities			
Dividends paid	(422)	(441)	18
Other changes in shareholders' equity	3	-	
Issuance of long term debt	1,553	1,520	17
Repayment of long term debt	(1,409)	(1,281)	17
(Acquisition)/disposal of treasury shares	34	(20)	
Cash flow from financing activities	**(241)**	**(222)**	
Cash from discontinued activities	(0)	-	
Increase/(decrease) in cash and cash equivalents (before effect of exchange rate changes)	109	60	
Net effect of exchange rate changes	(18)	(4)	
Increase/(decrease) in cash and cash equivalents (after effect of exchange rate changes)	91	56	
Cash and cash equivalents at beginning of period	**787**	**597**	
Cash and cash equivalents at end of period	**878**	**653**	

[1] As of 1 July 2013, Pernod Ricard applied, with retrospective effect as from 1 July 2012, amended IAS 19 (Employee Benefits), adopted in the European Union and whose application is mandatory for the Group from this date (please refer to Note 1.3). As a result, the 2012/2013 full year and half-year financial statements were adjusted in accordance with the new standard (please refer to Note 24).

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 NYSE Euronext exchange. The condensed consolidated interim financial statements reflect the accounting position of Pernod Ricard and its subsidiaries (hereafter the "Group"). They are reported in millions of euros (€), rounded to the nearest million.

The Group manufactures and sells wine and spirits.

On 12 February 2014, the Board of Directors approved the consolidated interim financial statements for the first half-year ended 31 December 2013.

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 2013 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

The Group has not anticipated any standards, amendments or interpretations published by the IASB but not yet approved or not yet mandatory in the European Union, as of December 31, 2013.

The financial statements are presented in millions of euros.

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 2013, 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 2013.

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 2013, 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 2013.

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, amendments and interpretations applied from July 1, 2013

The standards, amendments and interpretations applicable to Pernod Ricard with effect from July 1, 2013, relate to:

- Amendments to IAS 19 (Employee Benefits) as published by IASB on 16 June 2011, were endorsed by the EU on 5 June 2012, and published in the EU Official Journal on 6 June 2012. These amendments mandatorily apply to periods beginning on 1 July 2013 for the Group, with retrospective effect as from 1 July 2012. The main impacts of these amendments for Pernod Ricard are:
    - Elimination of the "corridor method" relating to the recognition through profit and loss for the year of actuarial gains and losses on defined employee benefit plans: thus, actuarial gains and losses not yet recognized as of 30 June 2012 were recorded against consolidated equity as of 1 July 2012;
    - As from 1 July 2012, actuarial gains and losses are immediately recognized in other comprehensive income in the Statement of Comprehensive Income, and will no longer be recycled in profit and loss. As a consequence, the 2012/2013 Consolidated Financial Statements were adjusted to reflect the cancellation of the recognition of actuarial

gains and losses in other operating income and expenses, and the recording of actuarial gains and losses generated in 2012/2013 in items of other comprehensive income not reclassified to profit and loss;

- As from 1 July 2012, past service costs resulting from plan amendments or curtailments are immediately recognized in profit and loss, as other operating income and expenses, unvested rights being no longer spread over the vesting period. As a consequence, past service costs not yet recognized as of 30 June 2012 were recorded against consolidated equity as of 1 July 2012, and the 2012/2013 Consolidated Financial Statements were adjusted to reflect the cancellation of the recognition of past service costs' in other operating income and expenses; and

- Expected return on plan assets is calculated using the discount rate retained for the valuation of the benefit obligation.

Due to the retrospective application of the amendments to IAS 19 (Employee Benefits), the 2012/2013 Consolidated Financial Statements were adjusted for comparison purposes. A detailed description of these adjustments is presented in Note 24.

- IFRS 13, which defines the measurement principles of fair value and related disclosures on methodology to be presented in the notes to the financial statements, where fair value applies. The application of this text did not have a significant impact on the Group's consolidated financial statements.

Standards, amendments and interpretations for which application is mandatory after July 1, 2013

The main standards applicable to Pernod Ricard with effect from July 1, 2014 are the standards IFRS 10, 11, 12 and their amendments which redefine the concept the control exercides over an entity. The application of these standards will not have a significant impact on the Group's consolidated financial statements.

The annual consolidated financial statements do not take into account:

- draft standards and interpretations which still have the status of exposure drafts of the IASB and the IFRIC at the balance sheet date;

- new standards, amendments to existing standards and interpretations published by the IASB but not yet approved by the European Accounting Regulatory Committee in the annual consolidated financial statements at the balance sheet date.

Note 2. – Key events of the period

No key events on the first semester 2013/14.

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 three primary operating segments constituted by the following geographical areas: Europe, 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.

Europe:

(€ million)	31/12/2012 6 months	31/12/2013 6 months
Net sales	1,619	1,612
Gross margin after logistics costs	1,003	1,025
A&P expenses	(286)	(292)
Profit from recurring operations	**407**	**419**

Americas:

(€ million)	31/12/2012 6 months	31/12/2013 6 months
Net sales	1,282	1,209
Gross margin after logistics costs	831	794
A&P expenses	(243)	(231)
Profit from recurring operations	**378**	**356**

Asia and Rest of the World:

(€ million)	31/12/2012 6 months	31/12/2013 6 months
Net sales	2,005	1,749
Gross margin after logistics costs	1,262	1,089
A&P expenses	(359)	(298)
Profit from recurring operations	**674**	**584**

Total:

(€ million)	31/12/2012 6 months	31/12/2013 6 months
Net sales	4,907	4,570
Gross margin after logistics costs	3,096	2,909
A&P expenses	(888)	(821)
Profit from recurring operations	**1,459**	**1,359**

Breakdown of sales :

(€ million)	Sales at 31/12/2012	Sales at 31/12/2013
Top 14 Spirits & Champagne	3,087	2,913
Priority Premium Wines	243	227
18 key local spirits brands	832	784
Other	744	646
Total	**4,907**	**4,570**

Note 5. – Financial income/(expenses)

(€ million)	31/12/2012[1] 6 months	31/12/2013 6 months
Financial expenses	(277)	(223)
Financial income	8	6
Net financing cost	**(269)**	**(217)**
Structuring and placement fees	(2)	(2)
Net financial impact of pensions and other long-term employee benefits	(13)	(9)
Other financial income (expenses) from recurring operations	3	1
Financial income (expense) from recurring operations	**(280)**	**(227)**
Foreign currency gains (losses)	0	2
Other non current financial income (expenses)	0	0
Financial income (expenses)	**(280)**	**(225)**

At 31 December 2013, the main items making up net financing costs were financial expenses on the syndicated loan €7 million, bonds payments of €188 million, commercial paper payments of €1 million, and interest rate and currency hedges €7 million and factoring and securitisation agreements totalling €7 million.

Note 6. – Other operating income and expenses

Other operating income and expenses are broken down as follows:

(€ million)	31/12/2012[1] 6 months	31/12/2013 6 months
Restructuring expenses	(17)	(6)
Impairment of assets	(73)	(3)
Capital gains (losses) on the disposal of assets	32	(0)
Other non-current expenses	(50)	(47)
Other non-current income	12	37
Other operating income/(expenses)	**(95)**	**(20)**

[1] As of 1 July 2013, Pernod Ricard applied, with retrospective effect as from 1 July 2012, amended IAS 19 (Employee Benefits), adopted in the European Union and whose application is mandatory for the Group from this date (please refer to Note 1.3). As a result, the 2012/2013 full year and half-year financial statements were adjusted in accordance with the new standard (please refer to Note 24).

Note 7. – Income tax

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

(€ million)	31/12/2012[1] 6 months	31/12/2013 6 months
Current tax	(242)	(230)
Deferred tax	15	(45)
Total	**(227)**	**(275)**

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

(€ million)	31/12/2012[1] 6 months	31/12/2013 6 months
Operating profit	1,364	1,339
Financial income (expense)	(280)	(225)
Taxable profit	**1,084**	**1,114**
Expected income tax expense at French Statutory tax rate (38%)	(412)	(423)
Impact of differences in tax rates	133	167
Tax impact of exchange rate fluctuations	8	6
Re-estimation of deferred tax linked to rate changes	28	37
Impact of tax losses used	(4)	(1)
Impact of reduced/ increased tax rates	3	3
Withholding tax and other tax on dividends	(24)	(22)
Other impacts	40	(41)
Effective income tax expense	**(227)**	**(275)**
Effective tax rate	**21%**	**25%**

Deferred taxes are broken down as follows by nature:

(€ million)	30/06/2013[1]	31/12/2013
Unrealised margins in inventories	90	86
Value adjustments to assets and liabilities	24	22
Provision for pension benefits	157	147
Deferred tax assets related to losses eligible for carry-forward	891	882
Provisions (other than provisions for pensions and other long-term employee benefits) and other	610	592
Total deferred tax assets	**1,771**	**1,729**
Accelerated depreciation	60	58
Value adjustments to assets and liabilities	2,494	2,481
Other	370	415
Total deferred tax liabilities	**2,924**	**2,954**

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

(€ million)	31/12/2012[1]			31/12/2013		
	Amount before tax	Tax impact	Amount after tax	Amount before tax	Tax impact	Amount after tax
Actuarial gains and losses	(67)	14	**(53)**	23	(5)	**18**
Net investment hedges	106	-	**106**	120	-	**120**
Cash flow hedges	50	(18)	**31**	37	(9)	**28**
Available-for-sale financial assets	-	-	-	-	-	-
Exchange differences	(332)	-	**(332)**	(323)	-	**(323)**
Components of other comprehensive income	**(243)**	**(4)**	**(248)**	**(143)**	**(14)**	**(157)**

[1] As of 1 July 2013, Pernod Ricard applied, with retrospective effect as from 1 July 2012, amended IAS 19 (Employee Benefits), adopted in the European Union and whose application is mandatory for the Group from this date (please refer to Note 1.3). As a result, the 2012/2013 full year and half-year financial statements were adjusted in accordance with the new standard (please refer to Note 24).

Note 8. – Earnings per share

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

	31/12/2012[1] 6 months	31/12/2013 6 months
Numerator (€ million)		
Group share of net profit	846	828
Group share of net profit from continuing operations	846	828
Denominator (in number of shares)		
Average number of shares in circulation	263,454,571	263,265,464
Dilutive effect of free shares	974,252	1,098,806
Dilutive effect of stock options and subscription of stock options	1,805,274	1,402,012
Average number of outstanding shares—diluted	**266,234,098**	**265,766,282**
Earnings per share (€) – Group share		
Earnings per share – basic	3.21	3.15
Earnings per share – diluted	3.18	3.12
Net earnings per share from continuing operations – basic	3.21	3.15
Net earnings per share from continuing operations – diluted	3.18	3.12

Note 9. – Intangible assets and goodwill

(€ million)	30/06/2013	31/12/2013
Goodwill	5,114	4,984
Brands	12,034	11,706
Other intangible assets	287	288
Gross amounts	**17,435**	**16,978**
Goodwill	(142)	(139)
Brands	(369)	(366)
Other intangible assets	(171)	(181)
Amortisation	**(682)**	**(686)**
Net intangible assets	**16,753**	**16,291**

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, 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.

[1] As of 1 July 2013, Pernod Ricard applied, with retrospective effect as from 1 July 2012, amended IAS 19 (Employee Benefits), adopted in the European Union and whose application is mandatory for the Group from this date (please refer to Note 1.3). As a result, the 2012/2013 full year and half-year financial statements were adjusted in accordance with the new standard (please refer to Note 24).

Note 10. – Inventories

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

(€ million)	30/06/2013	31/12/2013
Raw materials	135	125
Work-in-progress	3,703	3,785
Goods purchased for resale	445	499
Finished goods	255	207
Gross amounts	**4,537**	**4,616**
Raw materials	(12)	(11)
Work-in-progress	(17)	(13)
Goods purchased for resale	(17)	(16)
Finished goods	(7)	(8)
Provision for writedown	**(53)**	**(48)**
Inventories net	**4,484**	**4,568**

At 31 December 2013, 79% 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. – Transfers of financial assets

In the first half of the period, the Group continued to implement its programs to sell the receivables of several subsidiaries. Receivables sold under these programs totaled €684 million at 31 December 2013 and €505 million at 30 June 2013. As substantially all risks and rewards associated with the receivables were transferred, they were derecognized.

Derecognised assets where there is continuing involvement

(€ million)	**Carrying amount of countinuing involvement**				**Fair value of continuing involvement**	**Maximum exposure**
Continuing involvement	*Amortised cost*	*Held to maturity*	*Available for sale*	*Financial liabilities at fair value*		
Guarantee deposit – factoring and securisation	**38**	**-**	**-**	**-**	**38**	**38**

Note 12. – Other current assets

Other current assets are broken down as fallows:

(€ million)	30/06/2013	31/12/2013
Advances and down payments	14	22
Tax accounts receivable, excluding income tax	113	91
Prepaid expenses	58	59
Other receivables	24	26
Total	**209**	**198**

Note 13. – Provisions

1. Breakdown of provisions.

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

(€ million)	30/06/2013[1]	31/12/2013	Ref.
Non-current provisions			
Provisions for pensions and other long-term employee benefits	565	566	13.3
Other non-current provisions for liabilities and charges	587	548	13.2
Current provisions			
Provisions for restructuring	23	14	13.2
Other current provisions for liabilities and charges	140	138	13.2
Total	**1,315**	**1,267**	

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

(€ million)	Movements in the period						
	30/06/2013	Allowances	Used	Unused reversals	Translation adjustments	Other movements	31/12/2013
Provisions for restructuring	23	3	(11)	(0)	(0)	(0)	14
Other current provisions	140	15	(5)	(3)	(6)	(3)	138
Other non-current provisions	587	27	(10)	(39)	(20)	4	548
Provisions	**751**	**44**	**(26)**	**(42)**	**(27)**	**1**	**701**

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 and 31 December during half-year 2012/2013 and half-year 2013/2014:

(€ million)	2012[1]	2013
Net liability recognised in the balance sheet at 30 June	507	294
(Income)/expense for the period	35	31
Employer contributions and benefits paid directly by the employer	(89)	(71)
Change in scope of consolidation	-	-
Translation adjustments	(10)	(19)
Actuarial gains and losses	68	(23)
Net liability recognised in the balance sheet at 31 December	**511**	**211**
Plan surplus	75	355
Provision at 31 December	**586**	**566**

[1] As of 1 July 2013, Pernod Ricard applied, with retrospective effect as from 1 July 2012, amended IAS 19 (Employee Benefits), adopted in the European Union and whose application is mandatory for the Group from this date (please refer to Note 1.3). As a result, the 2012/2013 full year and half-year financial statements were adjusted in accordance with the new standard (please refer to Note 24).

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

(€ million)	31/12/2012[1]	31/12/2013
Benefits acquired in the period	24	23
Net interest cost	9	5
Taxes, Expenses and Premiums	3	3
Effect of Past Service Cost and Curtailment	0	0
Effect of Non-Routine Settlement	-	-
Net expense (income) recognised in income	**35**	**31**

Note 14. – 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)	30/06/2013			31/12/2013		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	**1,001**	**6,949**	**7,950**	**525**	**6,731**	**7,256**
Syndicated loan	-	250	250	-	813	813
Commercial paper	467	-	467	442	-	442
Other loans and long-term debts	100	513	613	258	507	764
Other financial liabilities	**567**	**763**	**1,330**	700	1,319	2,019
Gross financial debt	**1,568**	**7,712**	**9,280**	**1,225**	**8,050**	**9,275**
Fair value hedge derivatives – assets	(3)	(56)	(59)	(2)	(56)	(58)
Fair value hedge derivatives – liabilities	67	19	87	55	25	80
Fair value hedge derivatives	**64**	**(36)**	**28**	**53**	**(32)**	**22**
Net investment hedge derivatives – assets	-	-	-	(6)	(13)	(19)
Net investment hedge derivatives – liabilities	-	16	16	-	-	-
Net investment hedge derivatives	**-**	**16**	**16**	**(6)**	**(13)**	**(19)**
Financial debt after hedges	**1,632**	**7,692**	**9,324**	**1,273**	**8,006**	**9,278**
Cash and cash equivalents	**(597)**	**-**	**(597)**	**(653)**	**-**	**(653)**
Net financial debt	**1,035**	**7,692**	**8,727**	**620**	**8,006**	**8,626**

[1] As of 1 July 2013, Pernod Ricard applied, with retrospective effect as from 1 July 2012, amended IAS 19 (Employee Benefits), adopted in the European Union and whose application is mandatory for the Group from this date (please refer to Note 1.3). As a result, the 2012/2013 full year and half-year financial statements were adjusted in accordance with the new standard (please refer to Note 24).

2. Breakdown of debt by currency before and after foreign exchange hedge instruments at 30 June 2013 and 31 December 2013

At 30/06/2013 (€ million)	Debt before hedging	Amount hedged	Debt after hedging	Cash	Net debt after hedging	% debt after hedging	% net debt after hedging
EUR	4,846	(218)	4,628	(186)	4,442	50%	51%
USD	4,049	1,226	5,274	(23)	5,252	57%	60%
GBP	308	(477)	(169)	(16)	(184)	(2)%	(2)%
SEK	11	(217)	(206)	(13)	(218)	(2)%	(3)%
Other currencies	66	(270)	(204)	(360)	(564)	(2)%	(6)%
Financial debt by currency	**9,280**	**44**	**9,324**	**(597)**	**8,727**	**100%**	**100%**

At 31/12/2013 (€ million)	Debt before hedging	Amount Hedged	Debt after hedging	Cash	Net debt after hedging	% debt after hedging	% net debt after hedging
EUR	4,689	147	4,836	(130)	4,706	52%	55%
USD	4,186	589	4,775	(102)	4,672	51%	54%
GBP	320	(485)	(165)	(40)	(205)	(2%)	(2%)
SEK	11	(58)	(47)	(54)	(102)	(1%)	(1%)
Other currencies	70	(189)	(120)	(326)	(446)	(1%)	(5%)
Financial debt by currency	**9,275**	**3**	**9,278**	**(653)**	**8,626**	**100%**	**100%**

3. Breakdown of debt by currency and type of rate hedging at 30 June 2013 and 31 December 2013

At 30/06/2013 (€ 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	4,628	3,686	-	942	80%	(186)	83%
USD	5,274	4,565	-	710	87%	(23)	87%
GBP	(169)	-	-	(169)	N/M	(16)	N/M
SEK	(206)	-	-	(206)	N/M	(13)	N/M
Other	(204)	-	-	(204)	N/M	(360)	N/M
Total	**9,324**	**8,251**	-	**1,073**	**88%**	**(597)**	**95%**

At 31/12/2012 (€ 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	4,836	3,139	-	1,697	65%	(130)	67%
USD	4,775	3,966	-	808	83%	(102)	85%
GBP	(165)	-	-	(165)	N/M	(40)	N/M
SEK	(47)	-	-	(47)	N/M	(54)	N/M
Other	(120)	-	-	(120)	N/M	(326)	N/M
Total	**9,278**	**7,105**	-	**2,173**	**77%**	**(653)**	**82%**

*Hedge accounting and other derivatives

4. Breakdown of fixed-rate/floating rate debt before and after interest rate hedge instruments at 30 June 2013 and 31 December 2013

(€ million)	30/06/2013				31/12/2013			
	Debt before hedging		Debt after hedging		Debt before hedging		Debt after hedging	
Fixed-rate debt	7,611	82%	8,251	88%	6,876	74%	7,105	77%
'Capped' floating-rate debt	-	-	-	-	-	-	-	-
Floating-rate debt	1,713	18%	1,073	12%	2,402	26%	2,173	23%
Financial debt after hedging by nature of hedges	**9,324**	**100%**	**9,324**	**100%**	**9,278**	**100%**	**9,278**	**100%**

At 31 December 2013, before taking account of any hedges, 74% of the Group's gross debt was fixed-rate and 26% floating-rate. After hedging, the floating-rate part was 23%.

5. Schedule of financial liabilities at 30 June 2013 and 31 December 2013

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 2013 and 31 December 2013.

At 30/06/2013 (€ 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		(2,739)	(118)	(276)	(349)	(290)	(239)	(157)	(1,311)
Nominal value		(9,159)	(1,093)	(313)	(840)	(1,383)	(1,937)	(365)	(3,229)
Gross financial debt:	**(9,280)**	**(11,899)**	**(1,211)**	**(589)**	**(1,188)**	**(1,674)**	**(2,176)**	**(522)**	**(4,539)**
Cross currency swaps:	(83)	-	-	-	-	-	-	-	-
• Payable flows	-	(991)	(4)	(372)	(1)	(613)	-	-	-
• Receivable flows	-	902	-	308	-	594	-	-	-
Derivative instruments – liabilities	(157)	15	(39)	(23)	(35)	(10)	22	23	77
Derivative instruments – liabilities:	**(240)**	**(73)**	**(43)**	**(87)**	**(36)**	**(28)**	**22**	**23**	77
Total financial liabilities	**(9,520)**	**(11,972)**	**(1,254)**	**(676)**	**(1,224)**	**(1,702)**	**(2,154)**	**(499)**	**(4,462)**

At 31/12/2013 (€ 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		(2,546)	(275)	(90)	(345)	(285)	(227)	(155)	(1,169)
Nominal value		(9,104)	(980)	(17)	(1,008)	(1,237)	(1,981)	(820)	(3,061)
Gross financial debt:	**(9,275)**	**(11,650)**	**(1,254)**	**(107)**	**(1,353)**	**(1,523)**	**(2,208)**	**(974)**	**(4,230)**
Cross currency swaps:	(42)	-	-	-	-	-	-	-	-
• Payable flows	-	(953)	(372)	(0)	(1)	(580)	-	-	-
• Receivable flows	-	911	317	-	-	594	-	-	-
Derivative instruments – liabilities	(132)	51	(23)	(17)	(25)	9	22	22	63
Derivative instruments – liabilities	**(174)**	**8**	**(78)**	**(17)**	**(25)**	**22**	**22**	**22**	**63**
Total financial liabilities	**(9,449)**	**(11,641)**	**(1,333)**	**(124)**	**(1,378)**	**(1,500)**	**(2,186)**	**(953)**	**(4,168)**

6. Vin&Sprit syndicated loan

At 31 December 2013, the amounts drawn from the new multi-currency syndicated loan signed on 25 April 2012, and amended on 23 October 2013, are €813 million. Renewable drawn amount, denominated in euro incurs interest at the applicable EURIBOR plus a pre-determined spread and mandatory costs. The amount of the syndicated loan not drawn down was €1,687 million.

7. Bonds

Nominal amount	Interest rate	Issue date	Maturity	Carrying amount at 31/12/2013 *(in euro million)*
250 MGBP	6.625%	12/06/2002	12/06/2014	317
550 MEUR	4.625%	06/12/2006	06/12/2013	-
800 MEUR	7.000%	15/06/2009	15/01/2015	852
1,200 MEUR	4.875%	18/03/2010	18/03/2016	1,269
201 MUSD	Spread + 3-month LIBOR	21/12/2010	21/12/2015	145
1,000 MEUR	5.000%	15/03/2011	15/03/2017	1,034
1,000 MUSD	5.750%	07/04/2011	07/04/2021	743
1,500 MUSD	4.450%	25/10/2011	15/01/2022	1,091
850 MUSD	2.950%	12/01/2012	15/01/2017	622
850 MUSD	4.250%	12/01/2012	15/07/2022	564
800 MUSD	5.500%	12/01/2012	15/01/2042	617
Total bonds				**7,256**

Note 15. – Financial instruments

Fair value of financial instruments.

(€ million)	Measurement level	Breakdown by accounting classification				30/06/2013[1]	
		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	-	20	-	-	**20**	**20**
Guarantees, deposits, investment-related receivables		-	-	62	-	**62**	**62**
Other non-current financial assets	Level 2	275	-	-	-	**275**	**275**
Trade receivables		-	-	1,159	-	**1,159**	**1,159**
Other current assets		-	-	209	-	**209**	**209**
Derivative instruments – assets	Level 2	82	-	-	-	**82**	**82**
Cash and cash equivalents	Level 1	597	-	-	-	**597**	**597**
Liabilities and shareholders' equity							
Bonds		-	-	-	7,950	**7,950**	**8,419**
Bank debt		-	-	-	1,330	**1,330**	**1,330**
Finance lease obligations		-	-	-	46	**46**	**46**
Derivative instruments – liabilities	Level 2	241	-	-	-	**241**	**241**

[1] As of 1 July 2013, Pernod Ricard applied, with retrospective effect as from 1 July 2012, amended IAS 19 (Employee Benefits), adopted in the European Union and whose application is mandatory for the Group from this date (please refer to Note 1.3). As a result, the 2012/2013 full year and half-year financial statements were adjusted in accordance with the new standard (please refer to Note 24).

(€ million)	Measurement level	Breakdown by accounting classification				31/12/2013	
		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	-	21	-	-	**21**	**21**
Guarantees, deposits, investment-related receivables		-	-	75	-	**75**	**75**
Other non-current financial assets	Level 2	359	-	-	-	**359**	**359**
Trade receivables		-	-	1,695	-	**1,695**	**1,695**
Other current assets		-	-	198	-	**198**	**198**
Derivative instruments – assets	Level 2	108	-	-	-	**108**	**108**
Cash and cash equivalents	Level 1	653	-	-	-	**653**	**653**
Liabilities and shareholders' equity							
Bonds		-	-	-	7,256	**7,256**	**7,686**
Bank debt		-	-	-	2,019	**2,019**	**2,019**
Finance lease obligations		-	-	-	45	**45**	**45**
Derivative instruments – liabilities	Level 2	187	-	-	-	**187**	**187**

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 16. – Other current liabilities

Other current liabilities are broken down as follows:

(€ million)	30/06/2013	31/12/2013
Taxes and social security	609	698
Other operating payables	305	58
Other payables	9	9
Total	**924**	**765**

Note 17. – Notes to the consolidated cash flow statement

1. Working capital requirement

The working capital requirement has increased by €536 million due to an usually stronger activity at the end of December compared to the end of June. It is explained as follows:

- inventories: €107 million;
- trade receivables: €595 million;
- trade payables: €(179) million;
- others: €13 million.

2. Capital expenditure

Capital expenditures comprise the rise in capacities of production (distilleries) but also new warehouses and the renewal of equipment (wine storehouses, barrels…) in the production subsidiaries.

3. Disposals of tangibles and intangible assets

No main disposals carried out during the semester.

4. Increase/decrease in loans

The Group proceeded to subscriptions on the syndicated loan amouting to €566 million in order notably to reimburse on 6 December 2013 the €550 million bond issue.

Note 18. – Shareholders' equity

1. Share capital

Pernod Ricard's share capital changed as follows between 1 July 2013 and 31 December 2013:

	Number of shares	Amount (€ million)
Share capital at 1 July 2013	265,421,592	411
Share capital at 31 December 2013	**265,421,592**	**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 2013, Pernod Ricard SA and its controlled subsidiaries held 2,184,561 Pernod Ricard shares for a value of €148 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 6 November 2013, the total dividend in respect of the financial year ended 30 June 2013 was €1.64 per share. An interim dividend payment of €0.79 per share having been paid on 5 July 2013, the balance amounting to €0.85 per share has been detached on 12 November 2013 and paid on 15 November 2013.

Note 19. – Share-based payments

The Group recognised an expense of €19 million within operating profit relating to the stock option and the free shares plans applicable at 31 December 2013 and no expense in respect of the SARs programme (Stock Appreciation Right). A liability of €4 million is recognised in other current liabilities at 31 December 2013 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 2013 and 31 December 2013:

	Units
Number of options/ outstanding shares at 30 June 2013	7,218,503
Number of options exercised during the period	(354,022)
Number of options/ shares cancelled over the period	(143,274)
Number of options newly granted over the period	920,520
Number of options/ outstanding shares at 31 December 2013	**7,641,727**

Note 20. – Off-balance sheet commitments

At 30/06/2013 *(€ million)*	**Total**	**< 1 an**	**> 1 an et < 5 ans**	**> 5 ans**
Commitments given	**2,702**	**1,599**	**881**	**223**
Off-balance sheet commitments given in relation to companies within the Group	**-**	-	-	-
Commitments to acquire equity interests	**-**	-	-	-
Commitments given in the context of specific operations	**-**	-	-	-
Other	**-**	-	-	-
Off-balance sheet commitments given in relation to the financing of the Company	***902***	***894***	***1***	***7***
Financial guarantees given	**902**	894	1	7
Other	**0**	0	-	-
Commitments relating to the operating activities of the issuer	***1,800***	***704***	***880***	***216***
Firm and irrevocable commitments to purchase raw materials	**1,238**	446	726	67
Tax commitments	**254**	177	4	73
Operating lease agreements	**282**	62	144	75
Other	**26**	20	6	1

At 30/06/2013 *(€ million)*	**Total**	**< 1 an**	**> 1 an et < 5 ans**	**> 5 ans**
Commitments received	**2,445**	**188**	**2,255**	**1**
Off-balance sheet commitments received in relation to companies within the Group	-	-	-	-
Commitments received in specific operations connected with competitors and markets	-	-	-	-
Other	-	-	-	-
Off-balance sheet commitments received in relation to the financing of the Company	***2,439***	*183*	*2,255*	*1*
Credit lines received and not used	**2,407**	153	2,255	-
Financial guarantees received	**31**	30	0	1
Other	-	-	-	-
Commitments relating to the operating activities of the issuer	**6**	6	-	**0**
Contractual commitments related to business activity and business development	**3**	3	-	0
Other	**2**	2	-	-

At 31/12/2013 *(€ million)*	Total	< 1 an	> 1 an et < 5 ans	> 5 ans
Commitments given	**1,771**	**667**	**905**	**199**
Off-balance sheet commitments given in relation to companies within the Group	-	-	-	-
Commitments to acquire equity interests	-	-	-	-
Commitments given in the context of specific operations	-	-	-	-
Other	-	-	-	-
Off-balance sheet commitments given in relation to the financing of the Company	***45***	*37*	-	*8*
Financial guarantees given	**45**	37	-	8
Other	-	-	-	-
Commitments relating to the operating activities of the issuer	***1,726***	*630*	*905*	*191*
Firm and irrevocable commitments to purchase raw materials	**1,179**	361	752	65
Tax commitments	**260**	190	10	60
Operating lease agreements	**257**	57	135	65
Other	**30**	22	8	1

At 31/12/2013 *(€ million)*	Total	< 1 an	> 1 an et < 5 ans	> 5 ans
Commitments received	**1,927**	**197**	**1,710**	**20**
Off-balance sheet commitments received in relation to companies within the Group	-	-	-	-
Commitments received in specific operations connected with competitors and markets	-	-	-	-
Other	-	-	-	-
Off-balance sheet commitments received in relation to the financing of the Company	***1,896***	*190*	*1,695*	*11*
Credit lines received and not used	**1,880**	175	1,695	10
Financial guarantees received	**16**	15	-	1
Other	-	-	-	-
Commitments relating to the operating activities of the issuer	**30**	6	15	9
Contractual commitments related to business activity and business development	**28**	4	15	9
Other	**2**	2	-	-

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 2013 (see note 14).

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 2013, respectively, in amounts of €72 million, €32 million and €279 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 €591 million under matured spirit supply agreements.

Note 21. – Disputes

The following cases are the main disputes to which the Groupe is exposed. There are no other government, legal or arbitration procedures pending or threatened, including all procedures of which the Company is aware, which are likely to have or which have had over the last twelve months a significant impact on the profitability of the Company and/or Group.

Disputes relating to brands

Havana Club

The Havana Club brand is owned in most countries by a joint venture company called Havana Club Holding S.A. (HCH), of which Pernod Ricard is a shareholder, and is registered in over 120 countries in which the Havana Club rum is distributed. In the United States, this brand is owned by a Cuban company (Cubaexport). Ownership of this brand is currently being challenged in the United States by a competitor of Pernod Ricard.

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

1. The United States Office of Foreign Assets Control (OFAC) decided that this law had the effect of preventing any renewal of the US trademark registration for the Havana Club brand, which, in the United States, has been owned by Cubaexport since 1976. In August 2006, the United States Patent and Trademark Office (USPTO) denied the renewal of the said Havana Club registration, following guidance from the OFAC. Cubaexport petitioned the Director of the USPTO to reverse this decision and also filed a claim against the OFAC challenging both the OFAC's decision and the law and regulations applied by the OFAC. In March 2009, the US District Court for the District of Columbia ruled against Cubaexport. In March 2011, in a two to one decision, the Court of Appeals blocked Cubaexport from renewing its trademark. A certiorari petition was filed before the US Supreme Court on 27 January 2012, with the support of the French Government, the National Foreign Trade Council and the Washington Legal Foundation. On 14 May 2012, the Supreme Court denied the petition. This decision has no impact on the Group's accounts. The USPTO must now decide whether or not it should cancel Cubaexport's registration. In the meantime, Pernod Ricard has announced the launch of a Cuban rum, benefiting from the same production processes as the Havana Club range, and which will be distributed in the United States once the embargo is lifted. This product will be sold under the Havanista® trademark, registered with the USPTO since August 2011.

2. A competitor of the Group has petitioned the USPTO to cancel the Havana Club trademark, which is registered in the name of Cubaexport. In January 2004, the USPTO denied the petition and refused to cancel the trademark registration. As this decision was appealed, proceedings are now pending before the Federal District Court for the District of Columbia. These proceedings have been stayed pending the outcome of Cubaexport's petition to the USPTO.

Stolichnaya

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

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

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

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

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

On 5 August 2013, the Court of Appeals confirmed that the plaintiffs lacked standing to bring claims in the name of the Russian Federation and dismissed their Third Amended Complaint. The plaintiffs filed a petition for certiorari on 4 December 2013 with the United States Supreme Court. On 4 February 2014, FTE filed a new complaint against the same defendants in the District Court. This new complaint repeats the plaintiff's claim seeking injunctive relief, damages and ownership of the Stolichnaya trademark in the United States.

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 United States District Court for the Eastern District of New York against Pernod Ricard SA, Pernod Ricard USA LLC, Diageo Plc, Diageo North America Inc., United Distillers Manufacturing Inc., IDV North America Inc. and Seagram Export Sales Company Inc.

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

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

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

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

In September 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.

On 8 November 2012, the Plaintiffs voluntarily dismissed all their remaining claims without prejudice, and the Court so ordered. Pernod Ricard will continue to work with Colombian Regional Departments in a cooperative effort to fight against smuggling and counterfeit products and to promote competitive markets that benefit consumers and producers alike.

Customs duties in India

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

The above-mentioned disputes are only the subject of provisions, which, where appropriate, are recorded in other provisions for contingencies and charges (see note 13), when it is likely that a current liability stemming from a past event will require the payment of an amount which can be reliably estimated. The amount of the provision is the best estimate of the outflow of resources required to extinguish the liability.

Note 22. – Related parties

During the first half-year ended 31 December 2013, relations between the Group and its associates remained the same as in the financial year ended 30 June 2013, as mentioned in the annual report. In particular, no transactions considered unusual with regards to their nature or amount occurred over the period.

Note 23. – Events after the balance sheet date

None

Note 24. – Adjustment of comparative information

As of 1 July 2013, Pernod Ricard applied, with retrospective effect from 1 July 2012, amended IAS 19, adopted in the European Union and whose application is mandatory for the Group from this date: please refer to Note 1.3 to these condensed consolidated interim financial statements.

As a result, the 2012/2013 full year and half-year financial statements were adjusted, as presented below:

1. Restatements made to the main aggregates of the consolidated income statement

(€ millions)	Published 31/12/2012	Application of amended IAS 19	Restated 31/12/2012	Published 30/06/2013	Application of amended IAS 19	Restated 30/06/2013
Net sales	4,907		4,907	8,575		8,575
Cost of sales	(1 810)		(1 810)	(3,224)		(3,224)
Gross margin after logistics costs	**3,096**		**3,096**	**5,351**		**5,351**
A&P costs	(888)		(888)	(1,644)		(1,644)
Contribution after A&P expenses	**2,208**		**2,208**	**3,707**		**3,707**
Selling, general and administrative expenses	(749)	0	(749)	(1,477)	1	(1,476)
Profit from recurring operations	**1,459**	**0**	**1,459**	**2,230**	**1**	**2,231**
Other operating income	45	(1)	44	100	1	101
Other operating expenses	(146)	6	(140)	(225)	11	(214)
Operating profit	**1,358**	**6**	**1,364**	**2,106**	**13**	**2,119**
Financial expenses	(284)	(8)	(292)	(564)	(15)	(579)
Financial income	11		11	25		25
Financial income (expenses)	**(272)**	**(8)**	**(280)**	**(539)**	**(15)**	**(554)**
Income tax	(228)	1	(227)	(359)	(15)	(374)
Share of net profit/(loss) of associates	0		0	1		1
Net profit from continuing operations	858	(1)	857	1,208	(17)	1,191
Net profit from discontinued operations	-		-	-		-
Net profit	**858**	**(1)**	**857**	**1,208**	**(17)**	**1,191**
Including:						
- Attributable to non-controlling interests	11	(0)	11	19	(0)	19
- Attributable to equity holders of the Parent	847	(1)	846	1,189	(17)	1,172
Earnings per share - basic (in euros)	3.22	(0.00)	3.21	4.51	(0.06)	4.45
Earnings per share - diluted (in euros)	3.18	(0.00)	3.18	4.46	(0.06)	4.40
Net earnings per share from continuing operations (excluding discontinued operations) — basic (in euros)	3.22	(0.00)	3.21	4.51	(0.06)	4.45
Net earnings per share from continuing operations (excluding discontinued operations) — diluted (in euros)	3.18	(0.00)	3.18	4.46	(0.06)	4.40

2. Restatement related to consolidated statement of comprehensive income

(€ million)	Published 31/12/2012	Application of amended IAS 19	Restated 31/12/2012	Published 30/06/2013	Application of amended IAS 19	Restated 30/06/2013
Net profit for the period	**858**	**(1)**	**857**	**1,208**	**(17)**	**1,191**
Items not reclassified to profit or loss						
Actuarial gains/(losses) related to employee defined benefit plans, net	**-**	**(53)**	**(53)**	**-**	**93**	**93**
Items that may be reclassified to profit or loss						
Net investment hedges	**106**		**106**	**72**		**72**
Amounts recognised in shareholders' equity	106		106	72		72
Tax impact	-		-	-		-
Cash flow hedges	**36**		**36**	**79**		**79**
Amounts recognised in shareholders' equity	60		60	125		125
Tax impact	(24)		(24)	(47)		(47)
Available-for-sale financial assets	-		-	-		-
Unrealized gains and losses recognised in shareholders' equity	-		-	-		-
Tax impact	-		-	-		-
Items reclassified to profit or loss						
Cash flow hedges	**(5)**		**(5)**	**(6)**		**(6)**
Amount recycled in net profit	(10)		(10)	(12)		(12)
Tax impact	5		5	6		6
Available-for-sale financial assets	-		-	-		-
Amount removed from equity and included in profit/loss following a disposal	-		-	-		-
Tax impact	-		-	-		-
Exchange differences	(337)	5	(332)	(592)	7	(585)
Other comprehensive income, net of tax	**(200)**	**(48)**	**(248)**	**(448)**	**99**	**(349)**
Comprehensive net profit for the period	**658**	**(49)**	**609**	**761**	**82**	**843**
Including:						
- Attributable to equity holders of the Parent	650	(49)	601	748	82	830
- Attributable to non-controlling interests	8	(0)	8	13	0	13

3. Restatement made to the consolidated balance sheet

Assets	**Published**	Application of amended IAS 19	**Restated**	**Published**	Application of amended IAS 19	**Restated**
€ millions	**30/06/2012**		**30/06/2012**	**30/06/2013**		**30/06/2013**
Net amounts						
Non-current assets						
Intangible assets	12,234		12,234	11,780		11,780
Goodwill	5,126		5,126	4,973		4,973
Property, plant and equipment	1,923		1,923	1,942		1,942
Biological assets	126		126	133		133
Non-current financial assets	294	(102)	192	358	(1)	357
Investments in associates	18		18	16		16
Non-current derivative instruments	116		116	59		59
Deferred tax assets	1,965	70	2,035	1,721	50	1,771
Non-current assets	**21,802**	**(32)**	**21,770**	**20,981**	**49**	**21,030**
Current assets						
Inventory and work in progress	4,295		4,295	4,484		4,484
Trade receivables	1,197		1,197	1,159		1,159
Income taxes receivable	29		29	27		27
Other current assets	179		179	209		209
Current derivative instruments	34		34	23		23
Cash and cash equivalents	787		787	597		597
Current assets	**6,522**		**6,522**	**6,499**		**6,499**
Assets held for sale	52		52	8		8
Total assets	**28,375**	**(32)**	**28,343**	**27,488**	**49**	**27,537**

Liabilities	**Published**	Application of amended IAS 19	**Restated**	**Published**	Application of amended IAS 19	**Restated**
€ millions	**30/06/2012**		**01/07/2012**	**30/06/2013**		**30/06/2013**
Shareholders' equity						
Share capital	411		411	411		411
Share premium	3,049		3,049	3,052		3,052
Retained earnings and currency translation adjustments	6,197	(251)	5,947	6,530	(151)	6,379
Group net profit	1,146		1,146	1,189	(17)	1,172
Group shareholders' equity	**10,803**	**(251)**	**10,553**	**11,183**	**(169)**	**11,014**
Non-controlling interests	169	(3)	166	168	(3)	165
Total shareholders' equity	**10,972**	**(254)**	**10,719**	**11,351**	**(172)**	**11,179**
Non-current liabilities						
Non-current provisions	641		641	587		587
Provisions for pensions and other long-term employee benefits	367	240	607	355	210	565
Deferred tax liabilities	3,126	(19)	3,107	2,913	11	2,924
Bonds-non-current	8,044		8,044	6,949		6,949
Non-current derivative instruments	259		259	152		152
Other non-current financial liabilities	1,252		1,252	763		763
Total non-current liabilities	**13,689**	**221**	**13,910**	**11,719**	**221**	**11,940**
Current liabilities						
Current provisions	178		178	163		163
Trade payables	1,526		1,526	1,546		1,546
Income taxes payable	129		129	127		127
Other current liabilities	896		896	924		924
Other current financial liabilities	727		727	567		567
Bonds-current	153		153	1,001		1,001
Current derivative instruments	97		97	89		89
Total current liabilities	**3,707**		**3,707**	**4,418**		**4,418**
Liabilities held for sale	7		7	0		0
Total liabilities and shareholders' equity	**28,375**	**(32)**	**28,343**	**27,488**	**49**	**27,537**

4. Restatement made to the consolidated cash flows statement

(€ million)	Published 31/12/2012	Application of amended IAS 19	Restated 31/12/2012	Published 30/06/2013	Application of amended IAS 19	Restated 30/06/2013
Cash flow from operating activities						
Net profit attributable to equity holders of the parent	847	(1)	846	1,189	(17)	1,172
Non-controlling interests	11	(0)	11	19	(0)	19
Share of net profit/(loss) of associates, net of dividends received	(0)		(0)	(1)		(1)
Financial (income) expense	272	8	280	539	15	554
Income tax expense	228	(1)	227	359	15	374
Net profit from discontinued operations	-		-	-		-
Depreciation and amortisation	85		85	185		185
Net changes in provisions	(52)	(6)	(58)	(72)	(13)	(85)
Net change in impairment of goodwill and intangible assets	73		73	68		68
Impact of derivatives hedging trading transactions	(3)		(3)	4		4
Fair value adjustments on biological assets	(1)		(1)	(22)		(22)
Net (gain)/loss on disposal of assets	(32)		(32)	(65)		(65)
Share-based payment	18		18	38		38
Self-financing capacity before interest and tax	**1,447**	**-**	**1,447**	**2,243**	**-**	**2,243**
Decrease/(increase) in working capital	(548)		(548)	(255)		(255)
Interest paid	(280)		(280)	(536)		(536)
Interest received	8		8	17		17
Income tax paid	(161)		(161)	(406)		(406)
Income tax received	-		-	22		-
Cash flow from operating activities	**465**		**465**	**1,085**		**1,085**
Cash flow from investing activities						
Capital expenditure	(143)		(143)	(304)		(304)
Proceeds from disposals of property, plant and equipment and intangible assets	40		40	50		50
Change in consolidation scope	-		-	0		-
Cash expenditure on acquisition of non-current financial assets	(16)		(16)	(53)		(53)
Cash proceeds from the disposals of non-current financial assets	4		4	116		116
Cash flow from investing activities	**(115)**		**(115)**	**(191)**		**(191)**
Cash flow from financing activities						
Dividends paid	(422)		(422)	(435)		(435)
Other changes in shareholders' equity	3		3	3		3
Issuance of long term debt	1,553		1,553	1,176		1,176
Repayment of long term debt	(1,409)		(1,409)	(1,973)		(1,973)
(Acquisition)/disposal of treasury shares	34		34	21		21
Cash flow from financing activities	**(241)**		**(241)**	**(1,208)**		**(1,208)**
Cash from discontinued activities	(0)		(0)	(0)		(0)
Increase/(decrease) in cash and cash equivalents (before effect of exchange rate changes)	109		109	(315)		(315)
Net effect of exchange rate changes	(18)		(18)	125		125
Increase/(decrease) in cash and cash equivalents (after effect of exchange rate changes)	91		91	(190)		(190)
Cash and cash equivalents at beginning of period	**787**		**787**	**787**		**787**
Cash and cash equivalents at end of period	**878**		**878**	**597**		**597**

IV. Statutory auditors' report on the interim financial statements

Statutory auditors' review report on the first half-yearly financial information
Period of July 1st to December 31st, 2013

This is a free translation into English of the statutory auditors' review report on the half-yearly consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. This report also includes information relating to the specific verification of information given in the Group's interim management report. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

To the shareholders,

In accordance with the assignment entrusted to us by your General Meeting, and in accordance with the requirements of article L.451-1-2 III of the French monetary and financial code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Pernod Ricard for the period from July 1st to December 31st, 2013, and
- the verification on the information contained in the half-yearly 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.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Without qualifying our opinion, we draw your attention to the matter set out in Note 1.3 and 24 to the interim financial statements regarding the effects of amendments to IAS 19 (Employee Benefits) applied from July 1st, 2013.

2. Specific verification

We have also verified the information presented in the interim management report in respect of the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine et Courbevoie, February 13th, 2014

The statutory auditors

Deloitte & Associés	Mazars
Marc de Villartay	Isabelle Sapet