RÉMY COINTREAU 2005 | 2006

ANNUAL REPORT
2005 | 2006

RÉMY COINTREAU

Contents

1. Profile of Rémy Cointreau

1.1. History

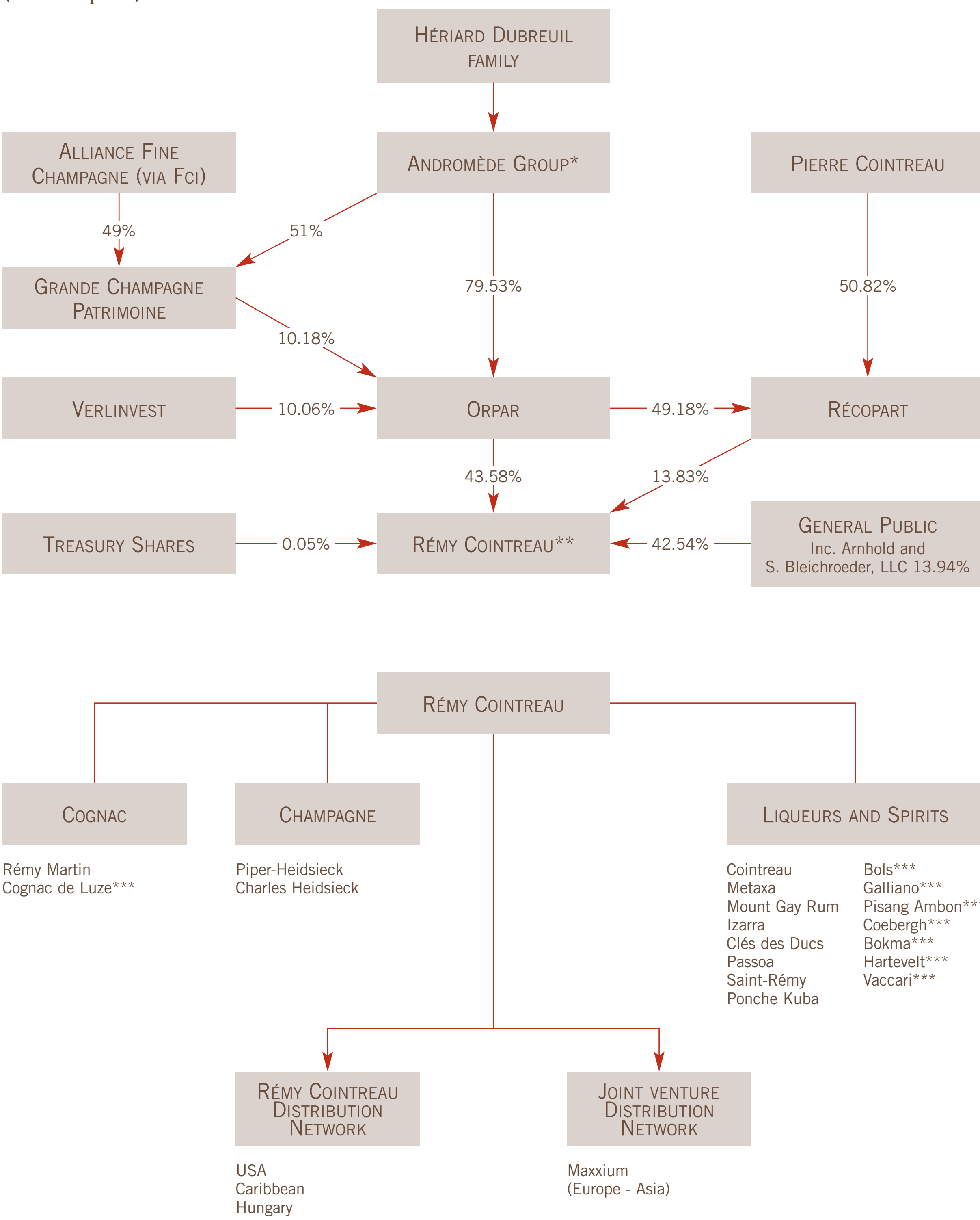
The Group, whose origins date from 1724, is the result of the merger in March 1990 of the holding companies of the Hériard Dubreuil and Cointreau families that controlled E. Rémy Martin & Cie S.A. and Cointreau & Cie S.A. respectively. It is also the result of successive alliances between companies operating in the same business segment of wines and spirits.

The table below summarises the key dates and events in the history of Rémy Cointreau

- **1724** - Establishment of the house of Rémy Martin Cognac
- **1849** - Creation of Cointreau & Cie by the Cointreau brothers
- **1888** - Creation of the Metaxa brand
- **1924** - Acquisition of E. Rémy Martin & Cie S.A. by André Renaud
- **1965** - Death of André Renaud and succession by his son-in-law, André Hériard Dubreuil
- **1966** - Creation of Rémy Martin's international distribution network
- **1980** - Creation by Rémy Martin of Dynasty Winery the French-Chinese joint venture in partnership with the city of Tianjin (RPC)
- **1985** - Acquisition by the Rémy Martin Group of Charles Heidsieck champagnes
- **1986** - Creation of the Passoa brand
- **1988** - Acquisition by the Rémy Martin Group of Piper-Heidsieck champagnes
- **1989** - Acquisition by the Rémy Martin Group of Mount Gay Rum
- **1990** - Transfer by Pavis S.A. of Rémy Martin shares to Cointreau & Cie S.A.
- **1991** - Adoption by the Group of the corporate name of Rémy Cointreau
- **1998** - Appointment of Dominique Hériard Dubreuil as Chairman of Rémy Cointreau
- **1999** - Establishment of the Maxxium distribution joint-venture with three partners, the Rémy Cointreau Group, the Edrington Group and Beam Global Brands (Fortune Brands)
- **2000** - Acquisition of Bols Royal Distilleries, including in particular the Bols and Metaxa brands
- **2001** - Vin & Sprit joins the Maxxium network and becomes its fourth partner
- **2005** - Initial public offering of Dynasty Fine Wines Group on the Hong Kong Stock Exchange
- **2005** - Disposal of Bols Polish operations to CEDC
- **2005** - Maxxium reinforced by taking over the distribution of a number of Allied Domecq brands acquired by Fortune Brands

1.2. Ownership Structure and Organisation Chart at 31 March 2006

(% of capital)



* Rémy Cointreau is consolidated within the Andromède Group.

** Only Rémy Cointreau shares are traded on the Stock Market.

*** Operations disposed of or in the process of disposal.

Rémy Cointreau operations

The Rémy Cointreau Group ("the Group") is one of the principal operators in the world market for wines and spirits with a portfolio of international premium brands that include Rémy Martin cognac, the orange liqueur Cointreau, Metaxa brandy, Mount Gay rum and Piper-Heidsieck and Charles Heidsieck champagnes.

The Group is:
• the market leader with Rémy Martin in Fine Champagne cognac;
• a leading international player in the champagne business with Piper-Heidsieck, and
• a leading producer and distributor of liqueurs in Europe with Cointreau and Passoa.

The Group's turnover in 2005/06 was €798.3 million, with an operating margin of 17.8%, and net profit – Group share of €77.8 million.

Rémy Cointreau is quoted in compartment A of Eurolist on the Euronext Paris Stock Exchange and is a component of the CAC MID 100 and SBF 120 indices. Approximately 40% of the shares comprise the free float, and ultimate control of Rémy Cointreau is held by the Orpar and Récopart family holding companies.

Rémy Cointreau S.A. has been rated « BB - » stable prospects by Standard & Poor's and « Ba2 » negative prospects by Moody's.

1.3. Strategy

Within a rapidly changing wine and spirits industry, Rémy Cointreau pursues a value strategy aimed at increasing the growth of its premium brands in high-potential global markets.

This strategy is based on:
• refocusing the portfolio on high added value brands and a movement up-market;
• focusing communication and marketing investment on key brands and markets;
• innovative policies on consumption trends;
• increased exposure, as close as possible to consumers; and
• permanent optimisation of the distribution network.

1.4. Organisation

Rémy Cointreau has four operating divisions covering three product families (Cognac, Champagne, and Liqueurs and Spirits), and two distribution networks:
• its own network, primarily serving the US, Caribbean and Hungary, and
• the Maxxium joint venture network.

The Group thus has in its final customer either the Maxxium subsidiaries, or wholesalers and specialist distributors in the US and other markets where Rémy Cointreau has its own distribution subsidiaries. Distribution to the final consumer is mainly carried out by integrated chains or by specialist wholesalers with a total of 25,000 accounts.

1.5. Seasonality of business

Group sales are split 45% in the first half of the financial year (1 April - 30 September) and 55% in the second half (1 October - 31 March).

Sector review

1.6. Cognac

The Cognac division was the most important to the Group in terms of turnover (40% of the total) and contributed 54% of current operating profit in 2005/06.

The sole brand of this sector, managed by CLS Rémy Cointreau, is Rémy Martin.

The Group also owns Cognac de Luze, which is now recorded under operations disposed of or held for disposal.

Rémy Martin cognacs are solely produced from Petite Champagne and Grande Champagne eaux-de-vie.
Rémy Martin's priority is to be in the premium segment with, in particular, its three flagship products, VSOP Fine Champagne, XO Excellence and Louis XIII.

Turnover of Cognac division in 2005/06: €322.6 million

Geographical analysis

Americas	54%
Asia and others	28%
Europe	18%

Source: Rémy Cointreau.

Description of "appellation d'origine contrôlée" cognac

Cognac is a brandy (eau-de-vie distilled from grapes) with the "appellation d'origine contrôlée" from the Cognac region of France. The "Appellation" is based on six geographic vineyards, and the two most prestigious are "Grande Champagne" and "Petite Champagne". The "Fine Champagne" designates a cognac that has come exclusively from Grande Champagne (50% minimum) and Petite Champagne.

There are a number of quality levels classified according to legal standards in respect of the average age of the eaux-de-vie:
- VS ("Very Superior"), with a minimum average age of 2.5 years,
- VSOP ("Very Superior Old Pale"), with a minimum average age of 4.5 years,
- QSS ("Qualité Supérieure Supérieure"), with a minimum average age of 6.5 years, and
- QS ("Qualité Supérieure"), covering all the VSOP and QSS labels.

XO ("Extra Old") is included in the QSS category.

The Group's major geographic markets are the US, its principle market, Europe and Asia.

Industry geographic analysis, expressed as percentages of total shipments in volume, is as follows:

	March 2006	March 2005
Americas	43%	43%
Europe	34%	35%
Asia and others	23%	22%

Source: BNIC (Bureau National Interprofessionnel du Cognac).

Competitive ranking

Rémy Martin is the No. 2 Cognac company in volume of cases sold. Its market share slightly declined in 2005/06 from 15.9% to 15.2% due, in particular, to the disposal by the Group of lower added-value operations (ordinary quality and Cognac-based products).

In 2005/06, Rémy Martin stepped up its strategy based on the higher quality segment, which is the brand's core business. It realised 89% of shipments in volume in this segment, compared with 40% for other industry participants (source BNIC).

With 1.8 million cases, Rémy Martin ranks second among the four major Cognac companies, which together account for 7.9 million cases.

1.7. Liqueurs and Spirits

The Liqueurs division of Rémy Cointreau represented 28% of Group turnover and 37% of current operating profit in 2005/06.

The Group's Liqueurs and Spirits operations are carried out by production subsidiaries based in France, with the principal site in Angers, and in Greece and Barbados. The key brands in the portfolio are Cointreau (44% of divisional turnover in the 2005/06 financial year), Metaxa (22%) Saint Rémy Brandy (10%), Mount Gay Rum (9%) and Passoa (9%).

The Group operates in very high-volume spirit categories, facing competition from local producers and international participants. Rum, brandy and vodka have experienced very strong growth over the past few years. For this reason the Group's strategy has been to focus its marketing investment on a defined number of targeted markets and on higher potential niche markets.

Liqueurs and Spirits division turnover in 2005/06: €219.9 million

Geographic analysis

Americas	36%
Asia and others	9%
Europe	55%

Source: Rémy Cointreau.

International spirits category in Europe, excluding former USSR

'000 9 litre cases	2005 Estimation	2004	2003
Vodka	413,665	397,682	392,035
Oth. Flav_Spirits	67,038	67,675	69,175
Brandy	45,677	46,499	47,388
Scotch Whisky	40,564	43,138	43,164
Liqueurs	39,957	40,747	41,053
Gin/Tequila/Others	26,759	27,479	28,026
Rum / Cane	20,397	20,522	20,099
Oth_Whisky	9,612	10,205	10,206
Cognac / Armagnac	3,946	4,366	4,392
Total	667,614	658,312	655,539

Source: (c) Copyright 2006 - The IWSR.

1.8. Champagne

The Champagne and Wines division represented 15% of Group turnover and 7% of current operating profit in 2005/06.

The division is primarily based in Reims in the heart of France's Champagne region.

Turnover of the Champagne and Wine division in 2005/06: €122.2 million

Geographic analysis

%	
Americas	15%
Asia and others	11%
Europe	74%

Source: Rémy Cointreau.

Rémy Cointreau is one of the principal producers of champagne in volume terms, with average sales of 9.9 million bottles over the last three years.

The Group's leading brand in terms of volume and market share is Piper-Heidsieck. Piper-Heidsieck is also a leading brand in France, Germany, Belgium, the UK and the US in the higher market segment of "Grandes Marques". Piper-Hiedsieck ranks third among export brands.

Charles Heidsieck, positioned in the "Wines" top-of-the-range segment, is distributed through specialist channels, mainly in France, Italy, the US and the UK.

Description of "appellation d'origine contrôlée" champagne

Champagne is a sparkling wine carrying the "appellation d'origine contrôlé" (AOC), and is produced according to strict criteria, principally:

- grapes must come from specified vineyards (32,000 hectares in 2005) in the Champagne district of France;
- the yield of the vines is limited and an annual amount is set to preserve quality;
- only three grape varieties are permitted: Pinot Noir, Pinot Meunier and Chardonnay; and
- a minimum ageing of fifteen months in the bottle is required for non-vintage champagnes and three years for vintage champagnes.

Due to these production constraints, champagne may be regarded as a rare, even de luxe, product.

However, in order to meet rising demand, between 2000/05, the champagne producers decided to enlarge the size of the vineyards covered by the AOC by 300 hectares per year.
Despite this policy of expansion, and taking into account climatic conditions, it is unlikely that total champagne production can exceed 330 million bottles per year.

The price of grapes was deregulated in 1990. However, a general agreement is put in place within the industry every four years to moderate the inflationary tendencies arising from the limit on production volumes.

Geographic analysis of Champagne sales in 2005

Champagne's major markets are France (58%), the UK (12%), the US (7%) and Germany (4%) (Source: CIVC).

Competition

Piper-Heidsieck champagne is No. 3 in terms of export volumes with a 4.4% market share in 2005 (source: Impact Data Bank – calendar year).

Over the first five months of the 2006 calendar year, the brand recorded a 5.9% growth in all these markets, including mainland France, compared with a yearly growth trend of 4% for the category (moving annual average).

1.9. PARTNER BRANDS

Partner brands distributed by Rémy Amérique and subsidiaries of Rémy Cointreau (excluding Maxxium) represented 17% of consolidated turnover and nearly 3% of current operating profit in 2005/06.

This business primarily consists of distributing third-party brands in German duty-free markets and in the US with the distribution of wines and The Famous Grouse and The Macallan Scotch whiskies. These partner brands contribute to strengthening the Rémy Cointreau portfolio and optimising the distribution costs in their respective markets.

GEOGRAPHIC ANALYSIS OF SALES OF PARTNER BRANDS IN 2005/06

SCOTCH WHISKY	38%
WINES	41%
OTHERS	21%

Source: Rémy Cointreau.

1.10. DISTRIBUTION

The distribution structure comprises the Maxxium joint venture and subsidiaries which are 100% owned.

■ Maxxium was established in August 1999 with two other partners, The Edrington Group and Beam Global Brands. This was expanded in May 2001 with the arrival of Vin & Sprit, owners of Absolut vodka. Rémy Cointreau currently owns 25% of Maxxium.

Maxxium, with its large and diversified portfolio of wines and spirits, is well-placed to offer a quality sales and marketing service to local customers and distributors.

Based in Amsterdam, Maxxium employs 1,979 people in 37 countries in Europe, Asia, Canada and South America.

Currently, Maxxium is one of the three leading distribution groups in Canada, the UK, France, Greece, Benelux, Sweden, China, Australia and New Zealand (source: Rémy Cointreau). This network has an extended commercial presence covering over 70 markets worldwide.

■ The network directly controlled by Rémy Cointreau mainly covers the following countries:
- US,
- Caribbean, and
- Hungary.

Through these different distribution channels, Rémy Cointreau ensures the promotion of its products through different points of sale, such as hypermarkets, specialist outlets, cafés, hotels, bars and restaurants, and duty-free shops.

Thus, with its two networks, Rémy Cointreau has strengthened the development potential of its international brands and optimised its costs.

1.11. SUMMARY OF SALES VOLUMES

Cases '000	March 2006	March 2005	March 2004
COGNAC	1,715	1,742	1,728
LIQUEURS AND SPIRITS	4,326	4,387	4,466
CHAMPAGNE	822	812	815
PARTNER BRANDS	1,803	1,571	1,555
GROUP TOTAL	8,666	8,513	8,564

Data is presented on a comparable basis. Comparative data provided for 2005 and 2004 was restated for operations discontinued or held for disposal during the financial year ended 31 March 2006.

Operations discontinued or held for disposal represented approximately 4.5 million cases in the 2005 and 2004 financial years, including 4.4 million cases for the Liqueurs and Spirits division (Bols vodka, liqueurs and genever, Galliano, Vaccari and Pisang Ambon liqueurs, and various Dutch liqueurs and spirits) and 0.1 million cases for cognac (Cognac de Luze).

1.12. Summary of turnover and operating profit

Analysis by sector

€ millions	March 2006	March 2005	Change
Turnover			
Cognac	322.6	312.3	3.3%
Liqueurs and Spirits	219.9	210.0	4.7%
Champagne	122.2	116.4	5.0%
Partner brands	133.6	109.6	21.9%
Total	798.3	748.3	6.7%
Current operating profit			
Cognac	76.3	68.0	12.2%
Liqueurs and Spirits	51.9	46.9	10.7%
Champagne	9.7	8.3	16.9%
Partner brands	3.9	4.2	(7.1)%
Total	141.8	127.4	11.3%

Analysis by geographic area

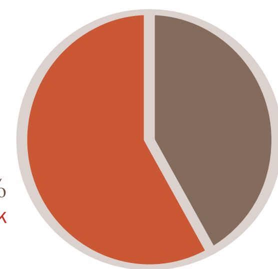
€ millions	March 2006	March 2005	Change
Turnover			
Europe	299.1	299.5	(0.1%)
Americas	374.3	325.6	14.9%
Asia and others	124.9	122.9	1.6%
Total	798.3	748.3	6.7%

Rémy Cointreau's turnover by geographic area in 2005/06

%	March 2006
Europe	38%
Americas	46%
Asia and others	16%

Source: Rémy Cointreau.

Rémy Cointreau's turnover by network in 2005/06



Source: Rémy Cointreau

1.13. Delivery commitments

In general, the Rémy Cointreau distributors (subsidiaries or exclusive distributors) hold two to three months stock. The Group has never suffered a major stoppage in operations.

1.14. Exceptional events affecting operations

There is currently no exceptional event likely to substantially affect the results, operations, net assets or financial position of Rémy Cointreau or its Group.

1.15. Brands

The Rémy Cointreau Group attaches particular importance to the protection in France and worldwide of the intellectual property rights to its brands that constitute the principal asset of the business.

Rémy Cointreau has an active policy of following up the filing of trademarks in their category and markets, and takes all necessary steps to combat counterfeiting, particularly in Asia and in Eastern Europe, as well as any unfair competition. An integrated legal team permanently monitors the Group's intellectual property rights all over the world. The team works in close partnership with external consultants, recognised for their expertise, as well as professional organisations specialising in combating counterfeiting.

As at today, there is no significant litigation or risk identified in the area of ownership of the Rémy Cointreau brands.

1.16. Principal contracts and customers

There is no dependence by Rémy Cointreau on customers, exclusive independent distributors, or distribution contracts for third party spirits, that is likely to have a substantial effect on the results, net assets or financial position of the Group.

The Group's top ten customers (excluding sales to Maxxium) represent 30% of consolidated sales.

1.17. Supply

The production of champagne and cognac is undertaken under the rules of the "appellation d'origine contrôlée" governed by the strict rules and climatic conditions required.

■ In Champagne, 94% of Rémy Cointreau's supplies depend on medium term contracts of 3, 5, 6 and 9 years, entered into with the principal co-operatives in the region and many thousands of growers. This contractual arrangement, which covers approximately 1,000 hectares of the 32,000 hectares within the appellation, is a strategic factor in developing the Group's brands in a region with limited production capacity. Since 1990, the Group has enriched and strengthened its supply capacity by seeking to improve its qualitative criteria: the renewal of contracts expiring in 2005 (around 14% of the total) was done under conditions that ensured a level of supply for the next three years in harmony with its development.
The renewal of contracts expiring in 2006 is in progress and represents 12% of the total.

■ Since 1966, the constitution of eaux-de-vie stocks of Cognac has been based on partnership agreements concluded with the producers of Grande and Petite Champagne. This policy has enabled the Group to manage long-term supply and meet the quality demands of the Rémy Martin brand.

These agreements were formalised by legal and financial structures:
- 1,000 wine suppliers bound by annual contracts; (700 wine suppliers, 300 home distillers);
- groups of producers that bring together approximately 450 home distillers; these contracts run for three years; and
- a co-operative (Alliance Fine Champagne), resulting from the merger on 28 February 2005 of the Champaco and Prochacoop co-operatives, bringing together a total of 1,200 members representing approximately 70% of the Petite and Grande Champagne vineyards.

Storage is carried out, either directly at the vineyard and financed by the winegrower, or at CLS Rémy Cointreau and financed by bank borrowing by the co-operatives and CLS Rémy Cointreau, which makes a payment on account to the co-operative when the goods enter storage.

In accordance with the 1 August 2003 Law on financial security, since 1 April 2003, Rémy Cointreau has been consolidating, as Special Purpose entities, the storage and ageing inventories of the Alliance Fine Champagne co-operative.

In April 2005, CLS Rémy Cointreau transferred to AFC its purchase commitments and the direct management of three-year supply contracts concluded between CLS Rémy Cointreau and home distillers. Based on the analyses of operating modes defined for the management of these contracts and the price formula applicable at delivery, risks and benefits pertaining to eaux-de-vie inventories held by home-distillers were deemed to have been transferred to AFC (thus to CLS Rémy Cointreau) from the time the eaux-de-vie passed Rémy Cointreau's quality tests and the home distiller subscribed to shares in the co-operative for delivery commitments.

- The Group's Liqueurs and other Spirits do not suffer from significant supply or production constraints.

- The Group's top ten suppliers represent 60% of raw material supplies, excluding eaux-de-vie and wine.

- The Rémy Cointreau Group subcontracts part of its bottling operations to other companies located abroad:
  - US for Mount Gay rum,
  - Brazil and Venezuela for Cointreau,
  - Greece for Metaxa, and
  - Australia for Saint Rémy brandy.

Subcontracting represents 15% of total volume. In addition, logistic operations have been outsourced since April 2005 to a specialist service provider, which manages Rémy Cointreau deliveries from storage platforms located in Angers and Reims.

1.18. The Group's principal establishments (address, importance and property owned)

The Group's principal establishments are:

1) **Administrative offices** of Rémy Cointreau, which include the Group's functional services, based in rented premises in Paris at 21 Boulevard Haussmann.

2) **Cognac** (Rémy Martin)
The units owned by the Group are located on two sites:
- Merpins (on the edge of Cognac)
  - A 15,000 m² complex used for ageing (storehouse, fermenting room, pre-finishing, laboratory, and offices).
  - A packaging complex of 20,800 m².
- Cognac site
  - Office complex and ageing storehouse of approximately 18,500 m².

3) **Angers** (Liqueurs & Spirits)
The units owned by the Group are on the St-Barthélémy d'Anjou site with 100,000 m² surface area, including 45,000 m² of buildings.
The complex includes the distillation operations, fermenting area and packaging (10 lines).

4) **Reims** (Piper-Heidsieck and Charles Heidsieck)
The units owned by the Group are spread across three sites:
- Boulevard Henri-Vasnier site (Reims)
A complex comprising offices, visitor and reception areas, fermenting areas and cellars over an area of 24,000 m².
- Allée du Vignoble site (Reims)
A complex comprising offices, reception areas, fermenting areas, workshops and cellars over an area of 144,000 m².
- Chemin Vert site (Reims)
A complex comprising a storage area for finished products as well as cellars and caves.

5) **Barbados** (Liqueurs and Spirits)
The storage and bottling facilities owned by the Group are based in Brandons and St Lucia.

6) **Distribution**
- Rémy Amérique Inc, with its head office in rented premises in New York, ensures the distribution of Group brands and partner brands in the US.
- Rémy Caribbean & Latin America, a division of Mount Gay Distilleries, based in Barbados, ensures the distribution of Group brands and partner brands in the Caribbean and Central and South America.

1.19. Investment policy

Capital expenditure

The Group considers that the level of investment required to maintain and develop the production and administrative units is between €20-€25 million per annum.

Major investment in progress

An investment project relating to rum maturing facilities in Barbados was launched in 2004 for €4.3 million. The cask storage activity has been operational since September 2005. The assembly activity will start during Summer 2006.

Two significant projects are ongoing in Cognac. The former relates to the maturing process and comprises the installation of new casks and the upgrading of three wine-storage facilities, for €7.6 million, to be completed within three years. The second project relates to packaging activities, with two packaging lines to be replaced by a new high output line, for €3.8 million.

It is also planned to reorganise workshops to optimise production flows. This project was launched at the end of 2005 and should be completed by Summer 2007.

In addition, the Champagne division initiated a plan to bring together all its operations on a single site by 2007.

1.20. Workforce and movement over the last three years

Group workforce

In March 2006, the Group's workforce totalled 1,346 people compared with 1,844 in March 2005. This 27% reduction was mainly due to:
- the disposal of operations in Poland in August 2005 (345 employees), and
- the transfer of Metaxa bottling in Greece to an external operator (80 employees)

Analysis of workforce by geographic area

	March 2006		March 2005		March 2004	
	Number	%	Number	%	Number	%
France	928	69	980	53	1,021	52
Europe (exc. France)	102	8	531	29	590	30
America	312	23	329	18	330	17
Asia	4	–	4	–	4	–
Total	1,346		1,844		1,945	

Analysis of workforce by division

	March 2006		March 2005		March 2004	
	Number	%	Number	%	Number	%
Cognac, Liqueurs & Spirits	788	59	901	49	951	49
Champagne	194	14	220	12	228	12
Distribution	307	23	667	36	698	36
Holding	57	4	56	3	67	3
Total	1,346		1,844		1,945	

Analysis of workforce by gender (permanent and contract workforce)

	Men		Women		Total	
	Number	%	Number	%	Number	%
France	580	63	348	37	928	69
Europe (exc. France)	65	64	37	36	102	8
America + Asia	179	57	137	43	316	23
Total	824	61	522	39	1,346	–

This analysis remained stable compared with the previous financial year, when men accounted for 62% of the workforce compared with 38% of women.

Permanent and contract French workforce by professional category

In France, the workforce can be analysed by professional category as follows:

	Workforce	%
Managers	239	26
Supervisors	232	25
Employees	97	10
Workers	360	39
Total	928	100

1.21. Human resources policy

Rémy Cointreau continues to develop collective human resources policies designed to encourage motivation of its teams and employees.

Extensive work has been carried out in the area of safety, which has enabled the Group to maintain its work accident seriousness rate below 0.75 in France (measuring the number of work stoppage days compared with working days).

In addition, in France, the rate of absenteeism of the combined categories was stable at 4.17% reflecting the collective mobilisation of the workforce to meet the challenges of the business.

Training expenditure was maintained at the same level for all workforce categories, with the aim of continuously investing in improving workforce skills. Training expenditure for the financial year amounted to approximately 3% of the total payroll.

Organisation of the working week, implemented in conjunction with the Group's social partners, has delivered continuous improvement in customer service while meeting all the constraints of its colleagues. Annual working hours for production and logistics staff are based on a weekly average of less than 35 hours. The remainder of the workforce has significant autonomy in organising their working hours, based on an annual rate of 212 days per year, depending on the circumstances.

The Group pays particular attention to the collective social status of its workforce. Thus, in France, everyone has insurance cover over and above the statutory requirements. In addition, nearly 80% of the Group's workforce in France benefits from particularly attractive and innovative additional pensions. Finally, in France, the Rémy Cointreau Group allocates €1.6 million to social projects (budgets for works and establishment councils, meal vouchers, etc.).

Risks of the issuer

1.22. Exchange rate exposure

The Group's results are sensitive to exchange rate movements as 70% of its turnover comes from outside the euro zone, whereas most of its production comes from within this zone.

The Group's exchange rate exposure is mainly in respect of sales in currencies other than the euro, by production companies to Maxxium, the US distribution subsidiary and exclusive foreign agents. The principal currencies involved are the US Dollar (USD), Australian Dollar (AUD), Canadian Dollar (CAD), Yen (JPY) and Pound Sterling (GBP).

The policy for managing exchange rate exposure is based on prudent rules and an agreed decision-making process by the Board of Directors.

In particular, the Group aims to cover its net budgeted commercial position on a maximum moving horizon of 15-18 months. This is carried out using fixed or option contracts.

The sales option is restricted to the resale of an option to cancel a previous purchase or to hedge transactions that are approved on a case-by-case basis.

This hedging policy only allows cover for short-term exposure. It cannot shelter Rémy Cointreau from the long-term economic effects of monetary trends on Group turnover and margins.

It should be noted that the Group does not cover the risks of translating financial statements of companies based outside the euro zone into euros.

For the year ended 31 March 2006, net commercial flows covered by currency were:

In millions	USD	AUD	CAD	JPY	GBP	NZD
Hedged	260.0	12.0	20.0	2,000.0	16.0	6.0
Average rate	1.2334	1.6628	1.5348	134.98	0.6920	1.7808
Open positions	22.8	2.5	1.1	(97.9)	0.3	(1.0)
Total	282.8	14.5	21.1	1,902.1	16.3	5.0

It should be noted that the overall USD position includes HKD, as HKD surpluses are automatically sold for USD (ie an equivalent of USD 35.5 million).

The financial instruments outstanding at 31 March 2006 were:
- cover relating to turnover achieved but not yet settled at 31 March 2006 (exchange swaps), and
- cover set up for the 2006/07 financial year.

The hedge contracts set up for 2006/07 will provide the Group with a guaranteed floor rate of €/USD 1.3075 on 86.0% of its net exposure.

At 31 March 2006, the market value of the foreign exchange instruments portfolio was €2.7 million, (optional instruments only).

Sensitivity of operating profit to movements in exchange rates

Rémy Cointreau's exposure primarily relates to the US dollar and correlated currencies. After taking into account hedges implemented for the 2006/07 financial year, changes in the US dollar exchange rate would have the following impact on current operating profit:

Reference EUR/USD exchange rate	1.2334	
Lower/higher rate assumptions	1.25	1.30
Change in current operating profit (€ millions)	(8.0)	(15.0)

1.23. Interest rate exposure

As part of its interest rate management and to cover the increased interest rate risk on its debt, the Group has structured its resources by splitting its debt into fixed rate and variable rate.

At 31 March 2006, the financial debt was analysed as follows:

€ millions	2006
Fixed rate	709.1
Variable rate	75.9
Accrued interest, not mature	18.1
Total	803.1

The variable rate debt was covered by contracts whose maturities did not exceed three financial years. These hedges are described in Note 9 to the consolidated financial statements.

After taking into account financing facilities and hedges established at 31 March 2006, a 1% increase in interest rate would increase the Group's financial debt by €0.4 million. A 1% decrease in interest rate would result in a €2.2 million decline in financial charges.

Sensitivity is calculated on the nominal value of the debt covered by caps up to the limit guaranteed by the hedging instrument.

3-month Euribor reference rate: 2.816%

At 31 March 2006, the market value of outstanding interest rate instruments was €2.9 million, solely comprised of caps.

1.24. Liquidity risk

The table below summarises the principal features and maturities of Group debt:

Currency	Features of securities issued or loans contracted	Fixed or variable rate	Total amount of confirmed (€)	Outstanding at 31/03/2006 (€)	Maturity
EUR	Convertible loan notes				
	Oceane				
	- Principal	Fixed	297.2	297.2	1-April-06
	- Redemption premium	Fixed	34.4	34.4	1-April-06
EUR	Subordinated perpetual loan notes				
	(net amount)	Variable	3.2	3.2	16-May-06
	long and medium term debts				
	- High yield bonds at 6.5%	Fixed	175.0	175.0	1-July-10
	- High yield bonds at 5.2 %	Fixed	200.0	200.0	15-January-12
	- Other loan notes	Fixed	6.2	6.2	30-June-06 to 07
	- Syndicated credit	Variable	500.0	0.0	10-June-08
EUR	Short-term debt				
	- Syndicated credit (AFC)	Variable	46.7	46.3	30-April-06
	- Bilateral credit lines (AFC)	Variable	5.6	5.5	30-April-06
	- Other loan notes	Fixed	3.4	3.4	30-June-05

At 31 March 2006, unused confirmed credit lines amounted to €500 million. This facility will be used to refinance OCEANE bonds at 1 April 2006 for €331.6 million.

1.25. Financing policy

At 31 March 2006, the Group had no significant specific financing linked to its assets.

1.26. LEGAL RISKS

The production and selling operations of Group products are subject in France and abroad to regulations that are more or less strict according to each country, particularly with regard to production, packaging and marketing of those products. The Group has, for all important aspects of its activities, all the required authorisations, and has not encountered any specific constraints in this area likely to have a significant impact on its operations.

In France, Group operations are subject to the Public Health Code that sets precise rules in respect of advertising alcoholic drinks. The circulation of the latter is subject to indirect taxation. The intra-community circulation of alcoholic drinks has been standardised in the area of indirect duties, called excise duties, which comprise taxation on the circulation and consumption of such drinks. The circulation of tax-free products within the EU is covered by an accompanying document prepared by the sender and approved prior to the movement of the goods concerned.

Spirits are subject, depending on their definition and presentation, to the provision of regulation CEE No. 1576/89 and regulation CEE No. 1014/90 taken for its application. The raw materials, processes authorised, sales denominations, minimum alcohol content and labelling rules are also precisely defined for spirits.

In the US, Federal law "The Federal Alcohol Administration Act (FAA Act)", regulates all commercial practices amongst the importers, such as the Group's subsidiary Rémy Amérique Inc., wholesalers and retailers, as well as local production of alcoholic drinks. Internationally, this Federal law regulates the composition of products, the content of the documentation from the producing country, labelling constraints and the custom duties position.

In addition, each of the 50 states has local laws regulating the transport, purchase and sale of alcoholic drinks. These State laws also regulate the advertising and promotion of such drinks. The rules, in this respect, are very similar to those in force in France with regard to the protection of young people.

This regulatory environment relating to the production and marketing of alcoholic drinks is certainly likely to evolve in France, within the EU or in the rest of the world and to affect Rémy Cointreau's business segment or increase liability of companies operating within that segment.

At the date of this Reference Document, the Group is not aware of any such regulatory changes that may be significant in that respect or that may become applicable at a specific date.

At the date of this Reference Document, neither Rémy Cointreau nor any of its subsidiaries has been involved or is involved in a legal process in respect of liability due to defective products that has given or is likely to give rise to a legal decision against the Company.

In addition, it is of the greatest importance to the Group to protect its industrial property rights worldwide. Therefore, the Group is extremely vigilant regarding brand defence, registration and renewal, either by direct implementation by internal specialist lawyers in modern brand management procedures, or through intellectual property consultants whose skills are internationally recognised. The Group never hesitates to initiate litigation, anywhere in the world, each time it considers that a brand registration application may impair its property rights. It is also a member of professional organisations that combat counterfeiting. Finally, the Group has initiated brand-awareness recognition procedures for some of its brands in countries where these procedures are provided by law.

The Group is careful never to be legally dependent on third parties likely to significantly affect its industrial or commercial operations. The scope of its various contractual commitments complies with international business practices.

An integrated legal department, organised by brand groups but operating in a cross-group partnership spirit, permanently manages the Group's legal affairs. It carries out preventative checks on all legal risks, either internal or external, that may adversely affect the achievement of Group objectives. If necessary, the team may request the assistance of international lawyers recognised for their expertise in specific commercial law areas. The legal department strives to only initiate litigation processes if all possibilities of reaching out-of-court settlements have proved unsuccessful.

The Group's policy in terms of insurance is detailed in paragraph 1.28 of this Reference Document.

1.27. Other risks

Customer risk/country risk

Rémy Cointreau does not, or seldom, operates in so-called unstable regions, either in terms of structure or sales. Therefore, Rémy Cointreau is virtually unexposed to any country risk.

Rémy Cointreau has historically had very little exposure to customer risk. In addition, having the Maxxium network as its main customer is a factor limiting this risk.

Performance driven by international operations

The majority of Rémy Cointreau's turnover is generated by exports, primarily to North America, Asia and Europe. Group performance is also strongly linked to the economic situation, consumer purchasing power, as well as duties or custom regulations applicable in each market.

Due to its international reach and since a significant share of turnover is realised within the dollar zone, Rémy Cointreau is also subject to currency risks. This matter is treated in the chapter on exchange rate exposure.

Significant seasonality of operations

Rémy Cointreau generates more sales around Christmas and New Year's Eve (November, December) and the Chinese New Year (January, February). As a result, any event arising during these periods may have an impact on annual results.

Competition

The wines and spirits industry is highly competitive and very fragmented. In such a market, Rémy Cointreau has to permanently focus on the image of its brands, the quality of its products, their price and the optimisation of their distribution. These combined actions enable Rémy Cointreau's brands to stand out within a highly competitive marketplace.

1.28. Industrial and environmental risks

Rémy Cointreau's operations are based on permanent industrial and food safety requirements, which have always been linked to complying with regulations and environmental protection.

The QSE (quality, safety and environment) Committee for France meets on a regular basis to fulfil objectives, ensure that good practices are passed on from site to site, follow up on actions implemented and on QSE objectives and to standardise QSE indicators between all sites.

Within the framework of its duties, the QSE committee has updated the QSE Policy by recommending three priority courses of actions:

- systematic implementation of HACCP [1] and Traceability plans, with regular assessment by an external organisation;
- certification according to ISO 14001 environmental standard of all French production sites; and
- regular internal testing and assessment of systems and practices that guarantee the safety of people and goods.

Following up on action implemented in previous years, the Group's three objectives are as follows:

(1) HACCP (Hazard Analysis of Critical Control Point): international method for the implementation of a system guaranteeing the hygiene of food delivered to consumers.

1) to continue with the policy of environmental certification

Rémy Cointreau has always promoted an ambitious certification policy for its production sites.

In terms of ISO 14001 certification, the Cognac site was ISO 14001-certified in November 2005.

The implementation of ISO 14001 indicators thus enable the Group to guarantee permanent compliance with environmental regulations, optimise waste management and recycling and control water and energy consumption.

In addition, the ISO 14001 annual follow-up audit at the Angers site detected no irregularity and thus vouched for the correct operation of the environmental management system at this site.

In parallel with these actions, all Rémy Cointreau's sites have also implemented the HACCP standard guaranteeing the food safety of the products and of their conception methods. This implementation is regularly audited and evaluated by certifying organisations.

2) to guarantee the safety of the sites and risk management

Rémy Cointreau continues to implement a policy of QSE investment at all its production sites which, for example, in France are subject to approval by the Prefect.

In order to fulfil safety and environmental requirements aimed at reducing industrial risks, nearly €2 million has been invested in numerous Safety/Environmental actions, such as the early implementation of the Atex [2] Directive, fire-resistant walls, doors, workstation improvements and various actions relating to fire protection of premises.

With regard to the Cognac site, which is currently classified as Seveso 2 due to the storage of eaux-de-vie, a Safety Management System (SMS) was established a year ago to organise site safety management and it is now fully operational. This year, the emphasis was put on training and approximately 100 employees attended various training programmes on safety and the prevention of major accidents.

Every quarter, SMS performance is assessed within the framework of the site Health and Environment Committee. The annual review enables the Group to update its major accident prevention policy and set objectives to prevent these accidents.

3) to save energy and water resources; to reduce rejects and waste

Among its QSE investments, Rémy Cointreau continues to implement a range of actions aimed at protecting the environment, in respect of the Group's Sustainable Development Policy. Major objectives primarily include the optimisation of water and energy consumption, emission reduction and waste management and recycling.

All sites also applied a range of QSE indicators, allowing the Group to monitor water and energy consumption and therefore to target business segments for which consumption can be reduced.

The Group carried out a Carbon Test at the Angers site, within the framework of actions related to energy resource saving and reduction of any impact on the environment. Following this pilot experiment on the scale of a single site, the Carbon Test was applied to the Cognac site, including its winemaking properties, as well as the Paris head office. The Carbon Test was carried out using the model benchmarked by the ADEME. It enabled the Group to precisely quantify all greenhouse gas emissions and prove that its emissions are very low, due to the nature of its operations. It also contributed to the application of good environmental practices on all sites.

In relation to waste, selective waste recycling is now the rule in all industrial and administrative sites. Today, over 90% of waste is sorted and reused.

Through a QSE policy integrated in its Sustainable Development policy and associated for several years with the Global Compact Charter [3], Rémy Cointreau is today fully able to fulfil the increasing civil society and public authority expectations with respect to food safety and industrial and environmental risks.

(2) ATEX: "Atex" European Directive 1999/92/CE pertaining to explosive atmospheres (description of safety requirements for equipment and personnel)

(3) Global Compact Charter is a good conduct charter in the field of human rights, labour rights and the environment launched in 2000 by Kofi Annan, UN Secretary-General.

1.29. Insurance

The Rémy Cointreau Group has always been committed to a voluntary risk management policy, which implements both identification procedures for individuals and assets and an overall approach to insurance contracts.

The Group has also been working for a number of years in close partnership with the prevention departments of insurance companies. This partnership enabled the prevention and safety audit to be performed at all sites and the upgrading of facilities to current standards. The prevention policy reduces the Group's operational risks to a minimum.

In the event of a major occurrence, the Rémy Cointreau Group has, since 1997, had in place a crisis management plan to deal at the outset with all consequential damage of any kind suffered by the Group.

The main insurance programmes have been taken out to cover risks viewed as strategic to the Rémy Cointreau Group, such as the General Civil Liability policy, the Public Liability policy for senior executives, the Material Damages/Loss of Profit policy and the Transport policy.

Excess levels were optimised depending on the coverage of each risk and overall coverage cost.

Limits to contractual guarantees were established on the basis of disasters with extreme consequences, evaluated according to current insurance market rules.

Other insurance policies have been taken out to cover secondary risks such as the vehicle fleet, vehicle assignments, assets and personnel on business trips.

These programmes are contracted and managed by the Group Insurance Team within the Legal Affairs Department, in close partnership with the Group Risk Manager who is in charge, in particular, of prevention.

The Rémy Cointreau Group works closely with one of the largest insurance brokers in the world and all policies are taken out with a number of major insurance companies.

The total cost of insurance premiums for 2005/06, excluding collective personnel insurance, did not exceed 0.24% of total consolidated turnover.

The Group considers that cover provided by all these policies and the cost of the premiums correspond to normal industry standards.

These policies have the following features:

Insurances	Guarantees and limits
MATERIAL DAMAGE AND LOSS OF PROFIT	Material damage is covered in the form of “All risks except”. This programme was taken out for a multi-year period, and operates under Difference in Conditions and Difference in Limits of local policies. COVER • Replacement value as new goods and property. • Wine and alcohol at market replacement value. • 12-month compensation period for Loss of Profit resulting from operation stoppage caused by direct damage as well as insolvency of suppliers and customers. CONTRACTUAL COMPENSATION LIMITS A capacity of €250,000,000 per claim has been negotiated on the international insurance market for both material damage and loss of profit.
GENERAL CIVIL LIABILITY (OPERATIONS AND PRODUCTS)	This is a multi-year contract, which operates under Difference in Conditions and Difference in Limits (DIC/DIL) of local policies. This programme guarantees the Group up to €60,000,000 per claim for all tangible and intangible damage likely to be caused to third parties. Delivered product withdrawal expenses are covered for up to €10 million per claim and per year of coverage. In the US, local policies have been taken out to cover employer civil liability as well as motor insurance civil liability.
TRANSPORT	The programme was taken out on an annual basis and covers transport risks of €10,000,000 per claim. This programme provides cover for all merchandise in the Group’s business transporters from every point in the world to every point in the world, by every means of transport.
PUBLIC LIABILITY POLICY FOR SENIOR EXECUTIVES	This programme is contracted each year. The level of the guarantee limit varies according to identified risks and is discounted.

2. Management Report

2.1. Introduction

Report of the Board of Directors

to the Combined General Meeting of 27 July 2006

Shareholders,

In accordance with the law and our bylaws, we have called you to the Combined General Meeting to present the operating report of your Company for the year ended 31 March 2006 and to submit the financial statements for this year for your approval, as well as to authorise the purchase or sale by the Company of its own shares, four revisions to the bylaws as a result of legislative changes, the reduction in share capital by cancellation of Treasury shares held by the Company, the renewal of the delegation to increase share capital either by incorporation of reserves, profits or premiums, or as consideration for transfers in kind, and finally a delegation of authority to your Board of Directors to increase share capital by incorporation of reserves or premiums reserved for beneficiaries of free shares newly issued.

2.2. Operating report

Key figures and highlights

€ millions	March 2006 (*)	March 2005 (*)	Total variation	Organic variation (**)
Net sales	798.3	748.3	+6.7%	+4.5%
Current operating profit	141.8	127.4	+11.3%	+14.9%
as % of net sales	17.8%	17.0%	–	18.7%
Provisions for impairment	–	(3.1)	–	–
Other operating income (expenses)	(18.2)	12.3	–	–
Operating profit	123.6	136.6	(9.5%)	–
Net financial expenses	(63.1)	(55.3)	–	–
Share of profit of associates	8.5	7.4	–	–
Net profit from continuing operations	55.3	64.9	(14.8%)	–
Net profit (loss) from discontinued operations	18.6	(9.6)	–	–
Net profit – Group share	77.8	49.8	+ 56.2%	–
Net profit from continuing operations per share diluted	1.20	1.46	–	–
Net profit Group share per share diluted	1.70	1.13	–	–
Number of shares ('000)	45,893	51,497	–	–

(*) After reclassification of profit from operations sold or in the process of sale.

(**) The organic performance was determined after restating the effect of currency movements and changes in Group structure.

Changes in Group structure at 31 March 2006

Disposal in August 2005 of the Polish subsidiary Bols Sp.z.o.o 50% held as a joint venture. The 2005 profit and the gain on disposal are included in profit from discontinued operations.

Considering the disposal projects in progress at year end, a group of operations comprising the Italian liqueurs, the Bols liqueurs, genevers and other Dutch liqueurs, as well as Cognac de Luze, are presented, in accordance with IFRS 5, in profit from discontinued operations.

Transition to IFRS

The transition to IFRS is included in notes **28** and **29** of the notes to the financial statements.

SEGMENT ANALYSIS

Net sales by activity

€ millions	March 2006	March 2005	Variation Total	Organic
Cognac	322.6	312.3	+3.3%	+0.6%
Liqueurs and Spirits	219.9	210.0	+4.7%	+2.8%
Champagne	122.2	116.4	+5.0%	+4.4%
Partner brands	133.6	109.6	+22.0%	+18.9%
Total net sales	**798.3**	**748.3**	**+6.7%**	**+4.5%**

Net sales by geographical regions

€ millions	March 2006	March 2005	Variation Total	Organic
Europe	299.1	299.5	(0.1)%	(0.3)%
Americas	374.3	325.9	+14.9%	+10.9%
Asia and rest of the world	124.9	122.9	+1.6%	(0.8)%
Total net sales	**798.3**	**748.3**	**+6.7%**	**+4.5%**

Net sales for 2005/06 amounted to €798.3 million, a 6.7% increase at current exchange rates and a 4.5% increase on a like-for-like basis.

All operations reported growth despite the impact of the programmed decline in certain ranges with lower added value (cognac-based products, extensions to the liqueur range, low-priced champagne).

By geographic area, growth in net sales was mainly driven by the good performance of the brands in the American market (10.9% organic growth). The overall performance in Asia was affected by changes in Japan and Taiwan. Europe remained sluggish.

Current operating profit was €141.8 million, an 11.3% increase despite an unfavourable exchange rate effect in the year arising from the difference between the hedged positions and market rates. On a like-for-like basis, organic growth for the year was 14.9%.

Current operating profit by activity

€ millions	March 2006	March 2005	Variation Total	Variation Organic
Cognac	76.3	68.0	+12.2%	+20.0%
% of net sales	23.6%	21.8%		
Liqueurs & Spirits	51.9	46.9	+10.7%	+9.7%
% of net sales	23.6%	22.3%		
Champagne	9.7	8.3	+15.8%	+14.2%
% of net sales	7.9%	7.2%		
Partner brands	3.9	4.2	(5.4)%	(9.8)%
% of net sales	2.9%	3.8%		
Total	**141.8**	**127.4**	**+11.3%**	**+14.9%**
% of net sales	17.8%	17.0%		

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

Movement in current operating profit

€ millions	
Exchange rate effect (net of hedging)	(4.5)
Price increases	11.1
Level of business	3.5
Marketing expenditure	0.7
Costs	3.7
Total	**14.5**

This reflects the Group's policy which is based on a dynamic management of product mix and sales prices, together with strict cost control. The change in marketing expenditure should not mask the effect of refocusing the expenses on the core business and priority markets.

Cognac – Divisional sales were €322.6 million, an increase of €10.3 million. There was a modest contraction in volume due to the progressive cessation of cognac-based products and a lower priority given to the Grand Cru quality. Against this background, the 0.6% organic growth in net sales only partly reflects the policy of price increases for the brand.

The division continues to benefit from the strength of the American market where sales grew by 5.3%, excluding cognac-based products. The situation was more of a contrast in Asia where, despite a growth in sales in China, brand sales were penalised by the adjustment of inventory levels by importers and distributors in Japan and Taiwan.

The contribution to operating profit was €76.3 million with an operating margin up 1.8 points to 23.6%. Marketing expenditure increased in the core business to take into account the decline in expenses dedicated to cognac-based products and the growth in budgets financed by the distributors, particularly in China.

Other costs allocated to the division have declined substantially, mainly due to the fall in the allocation of distribution costs calculated in accordance with Maxxium agreements.

General overheads fell particularly due to the non-recurrence of reorganisation costs that affected the previous year.

Organic growth in divisional operating profit was 20%.

Liqueurs and Spirits – Divisional sales were €219.9 million, representing organic growth of 2.8%. The main driver, the Cointreau brand, grew by 6.1% mainly driven by the steady growth in the American market.

St Rémy brandy grew by 9.4% while Metaxa reported stable sales; the development of Eastern European markets offset the weakness of the Greek market in the year.

In a very competitive environment, Passoa saw an erosion of its position in the French market.

Divisional marketing expenses remained stable, with the exception of the cessation of expenditure for an extension of the Mount Gay range in the US.

Divisional profit grew by 10.7% to €51.9 million, a net margin of 23.6%. The organic growth in operating profit was 9.7%.

Champagne – Divisional sales were €122.2 million, a 5% increase over the previous year. The organic growth was 4.4%.

The **Piper-Heidsieck** and **Charles Heidsieck** brands grew by 6.8% in value under the combined effect of growth in volume and the strategy of value creation. The good performance by the Piper brand was particularly marked in the US and Japan.

Operating profit of €9.7 million was up by 15.8% after inclusion of increased marketing expenditure. The operating margin grew from 7.2% last year to 7.9%.

Partner brands – Sales of this activity grew by 22% benefiting from the excellent performance of Scotch whiskies and wines distributed in the US and the signing of new distribution agreements for Californian wines.

The contribution to current operating profit amounted to €3.9 million.

Overall, the margin in **current operating profit** was 17.8%, an increase on the 17.0% reported for the previous year. On a like-for-like basis, the operational margin was 18.7%, an increase of 1.7 points reflecting the policy of profit improvement carried out by the Group.

Other operating income and expenses for 2005/06 include a one off charge of €18.2 million in respect of a reorganisation plan. This plan, which calls for early pension measures fully funded by the company, should decrease the number of employees by 126 in France by 2008.

The previous year included a net gain of €12.3 million on this line, mainly arising from a dilution gain on the Dynasty investment.

Taking into account these factors, the **operating profit** was €123.6 million compared to €136.6 million for the previous year.

Net financial expenses of €(63.1) million are analysed as follows:

	2006	2005
Application of IAS 32/39	(5.1)	–
Charges related to refinancing	(6.0)	(3.4)
Interest hedging instruments	(1.3)	(1.6)
	(12.4)	(5.0)
Other finance costs	(51.5)	(49.9)
Other financial income and expenses	0.8	(0.4)
Total	(63.1)	(55.3)

These are due to:
- adoption of IAS 32/39 at 1 April 2005, which led to an additional financial charge of €5.1 million, mainly due to the restatement of the OCEANE (convertible bonds) and the TSDI (subordinated perpetual bonds),
- the amortisation of deferred financial charges includes €2.8 million relating to the early renegotiation of the banking syndicate in June 2005,
- the increase in other finance costs despite a decline in the average debt. This is due to the structure of the debt (the scale of bonds), which increases temporarily the average cost of group financing.

Net profit from continuing operations was €55.3 million compared to €64.9 million the previous year. The tax charge amounted to €13.7 million compared to €23.8 million the previous year. This includes both a gain from the release of deferred tax of €22.1 million on the TSDI and a charge of €14.4 million in respect of tax audits in progress.

Net profit from discontinued operations comprises, for the various operations concerned, the operating profit after tax for the year and the net gain on disposal thus:

	2006	2005
Polish operations	17.3	(0.7)
Bols, Italian liqueurs and Dutch spirits	1.5	(9.3)
Cognac de Luze	(0.2)	0.4
	18.6	(9.6)

Note that the net profit of Bols and Polish operations in 2005 included a provision for impairment of the value of the brands.

The disposal of the Bols liqueurs, the Italian liqueurs and the Dutch spirits was finalised in April 2006, after the year end. At the date of signature this transaction generated a disposal gain of around €25 million and a reduction in group debt of around €150 million taking into account a vendor credit of €50 million set up for a period of 3 to 7 years.

The disposal of Cognac de Luze was the subject of an agreement signed in November 2005 and the sale should be completed in June 2006.

Consolidated balance sheet. Total assets fell slightly from last year to €2,366 million due to the disposal of the Polish operations that were sold in August 2005.

Consolidated balance sheet and financial position

The following table sets out the key figures and movements in the Group's financial position.

€ millions	March 2006	March 2005
Balance sheet		
Non-current assets	1,004.4	1,239.5
Inventories	852.4	845.9
Trade and other receivables	243.1	239.7
Trade and other payables	(300.4)	(244.1)
Current income tax	(12.6)	3.9
Net operating assets	782.5	845.4
Assets held for sale	138.5	
Long-term financial debt	(376.2)	(746.4)
Short-term financial debt	(426.9)	(170.0)
Cash and cash equivalents	31.6	53.6
Net financial debt	(771.5)	(862.8)
Net deferred tax	(158.5)	(269.4)
Financial instruments	5.0	6.2
Provisions for liabilities and charges	(84.9)	(70.6)
Minority interests	3.2	(19.4)
Equity - Group share	(918.7)	(868.9)
Total assets	2,365.7	2,407.5
Movement in cash		
Cash flow from operating activities	96.2	124.4
inc. (EBITDA) [1]	165.4	152.1
inc. Change in working capital	(2.1)	24.6
inc. Outflows on financial expenses and income taxes	(76.2)	(70.2)
Cash flow used in investing activities	39.4	(16.7)
inc. Purchase of fixed assets	(21.0)	(24.2)
inc. Purchase of investments	(8.9)	
inc. Net effect of discontinued operations	60.0	(10.6)
Cash flow from financing activities	(157.6)	(122.2)
inc. Dividend paid	(45.0)	(44.1)
inc. Variation in borrowings	(112.5)	(86.6)
Movement in cash and cash equivalents	(22.0)	(14.5)

[1] being current operating profit + amortisation and depreciation + share-based payments + dividends received from Maxxium and Dynasty.

Non-current assets, including associate companies, amounted to €1,004.4 million. The principal changes compared with the previous year were:
• an increase in the Group's shareholding in the Dynasty joint venture from 23.9% to 26.3%,
• the disposal of intangible assets related to the Polish business sold in August 2005,
• the reclassification, as assets held for sale, of property, plant and equipment and intangible assets in respect of disposals in progress.

Net operating assets fell by €62.9 million compared to 31 March 2005. This included €38.6 million in respect of Polish operations and €8.4 million of inventory reclassified as assets held for sale. Inventories include €52.8 million for the inclusion in the Alliance Fine Champagne (AFC) cooperative of purchase commitments given to distillers. These commitments to purchase eaux-de-vie were transferred to AFC to centralise within the cooperative, all eaux-de-vie purchase obligations of Rémy Cointreau in respect of the members of the cooperative and were consolidated on the basis of an analysis of the contractual relationship in force at the time of transfer. This has no effect on operating assets as the counterpart is in trade payables.

Net financial debt of €771.5 million was down by €91.3 million compared to 31 March 2005. This included the positive movement of €22.9 million in respect of the first application of IAS 32/39 at 1 April 2005.

Taking account of the refinancing that occurred during the year and the maturity of drawings, the debt can be analysed thus:

€ millions	March 2006	March 2005	Variation
Long-term financial debt	376.2	746.4	(370.2)
Short-term financial debt	426.9	170.0	256.9
Cash and cash equivalents	(31.6)	(53.6)	22.0
	771.5	862.8	(91.3)

At 31 March 2006, the long-term **financial debt** comprised mainly:
• bonds of €175 million issued in June 2003 for a 7 year duration,
• bonds of €200 million issued in January 2005 for a 7 year duration.

Long-term financial debt decreased by €370.2 million compared to the previous year, mainly due to the transfer of the OCEANE to short-term financial debt.

Short-term **financial debt** comprises:
• TSDI (subordinated perpetual bond) for €11.9 million,
• OCEANE (convertible bonds) issued in January 2001 for €341.6 million repayable on 1 April 2006,
• Borrowings of AFC for €49.0 million.

The OCEANE bonds will be refinanced using the syndicated loan negotiated in June 2005.

Equity - Group share amounted to €918.7 million, an increase of €49.8 million compared to the previous year.

Movement in consolidated cash flow

EBITDA was €165.4 million, an increase of 8.7%.

Change in working capital was an outflow of €2.1 million which is reasonable with respect to growth in the business.

Outflows on financial expenses and taxes amounted to €76.2 million.

Cash flow from operating activities amounted to €96.2 million. The decline compared to the previous year is mainly due to the impact of the operations sold and the change in working capital requirements, which fell significantly last year.

Purchase of fixed assets was €21 million and provided the normal renewal of equipment while asset disposals in the year amounted to €11.1 million.

Purchase of investments was €8.8 million for the acquisition of Dynasty shares.

Net effect of discontinued operations included €60 million for the cash part of the disposal of the Polish operations.

In October 2005, the Group paid a **dividend** of €1 per share, representing €45 million in total.

Cash and cash equivalents fell by €22 million to €31.6 million.

Taking into account these flows, the Group was able to reduce its **financial debt** by €112.5 million.

2.3. Financial Report

Profit on ordinary activities before tax was €13.8 million. The €18.5 million improvement over the previous year arises mainly from the reduction in the charge to write down the investment in subsidiaries this year.

Services invoiced to subsidiaries amounted to €15.7 million, compared to €15.2 million the previous year.

These services relate mainly to royalties on operations, whose rates were maintained in this year.

Head office costs, net of the transfer of a charge of €1.6 million for the costs of issuing a new syndicated credit of €25.2 million, increased by €3.0 million.

This increase is due to the following principal factors:
- cost of additional management staff for €1.1 million,
- compensation and costs of €0.6 million related to the negotiations for the disposal of brands,
- increase of €0.7 million in the amortisation of expenses related to the issue to new credit lines.

Dividends received from subsidiaries in the year amounted to €86.5 million compared to €88.4 million last year.

A provision of €28.0 million to write down investments was made at the end of the year. This provision reflects, in the Company's accounts, the impairment in the value of investments in subsidiaries whose disposal is programmed for 2006/07.

Net financial charges increased by €1.4 million from €33.8 million last year to €35.2 million.

In addition, the Company renegotiated in June 05 its syndicated loan for €500 million.

Exceptional income of €46.1 million includes the charge for the year of €17.3 million (TSDI) for regulated provisions and the release of prior provisions established for the TSDI of €64.1 million, following the text of the finance law that set the conditions of termination of the TSDI and established the level of their taxation at maturity.

Taking into account these factors, the **net profit for the year** was **€59.9 million.**

2.4. Exceptional events, litigation and Group risks

Certain subsidiaries are defending litigation with their suppliers as part of their business (agents, suppliers, service providers, hauliers or advertising agencies). None of this litigation carries an underlying operational or financial risk that is regarded as significant for Rémy Cointreau.

The main claims facing these subsidiaries amount to approximately €7 million for all litigation. It should be noted that these claims are fully challenged. Provisions were established for the estimated risks.

Finally, favourable judgments obtained in the first instance and on appeal against two champagne makers for trademark infringements and unfair competition were confirmed when their appeal was rejected by the Court of cassation. Piper-Heidsick compensation:
- the Paris First Instance Court ruling dated 9 September 2005, after hearing expert opinions, assessed damages at €853,714.48 and granted €8,000 compensation in respect of Article 700 of the French New Code of Criminal Procedure,
- the Paris Appeal Court ruling dated 3 February 2006, after hearing expert opinions, assessed damages at €63,818 in respect of royalty compensation, €20,000 in respect of brand and brand image impairment and granted €10,000 compensation in respect of Article 700 of the French New Code of Criminal Procedure.

As there is no further legal recourse beyond these rulings and judgments, the procedures are now settled.

As a result, at the date of the current report, there is no event or litigation likely to have or having had, in the recent past, a significant effect on the financial position of Rémy Cointreau or the Group, its operations and profit.

The principal risks to which the Company is exposed and the use of derivative financial instruments are described in Chapter 1.

2.5. Recent developments and events after the year end

Recent developments and major events that occurred after the year end and the date of the current report.

The seasonality of the Group is characterised by a traditionally low level of activity in April and May (less than 10% of annual turnover).

On 11 April 2006, following the clearance of pre-conditions, a group of Italian and Dutch liqueurs and spirits brands was sold. This generated cash proceeds of €158 million for the Group, with the balance of the consideration settled by a vendor credit of €50 million.

In May 2006, Rémy Cointreau extended the maturity of €466 million of the syndicated credit. The final maturity is now set at 7 June 2011 for €466 million, with the balance of €34 million remaining at 7 June 2010. This extension was granted free of commission.

At the date of closing, Rémy Cointreau was in discussions with a company interested in acquiring the Rémy Cointreau business in Hungary. The turnover of this business was approximately €20 million in 2006.

The process of disposing of Cognac de Luze should be completed during Summer 2006.

2.6. Future prospects

The various asset disposals in the last 12 months have enabled Rémy Cointreau to refocus on its core business and will now allow it to use all its energies in the development of its premium brands portfolio.

Against a background that remains structurally sensitive to medium-term currency movements and to changes in international trading, Rémy Cointreau intends to profit fully from the good state of the wine and spirits sector and the dynamism of the American and Asian markets and the duty free segment.

In 2006/07, Rémy Cointreau intends to consolidate the strategy implemented two years ago with the following priorities:

- continue the policy of price increases and the movement up-market;
- enhance the distribution in expanding markets;
- optimise marketing expenditure; and
- continue cost reduction measures and debt reduction.

Against this background, the Group's management confirms its objective of double-digit growth in current operating profit at comparable exchange rates.

2.7. Research policy

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

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

Multi-disciplinary teams comprising technicians, wine experts, engineers and scientific doctors are responsible for in-house activities. Their task is to ensure that the business adopts the advances and innovations that relate to the various operations in growing methods, liquid processing and production processes aimed at providing the consumer with a high quality product at a reasonable price.

The Rémy Martin laboratories are also ISO 17025 certified, underlining the importance that the Rémy Cointreau Group places on satisfying customer needs in terms of guaranteed quality.

Research and development expenditure is written off as incurred by all the companies concerned. This department comprises 19 people and has a budget of €1.4 million, or 0.17% of turnover.

2.8. Social and environmental consequences of operations

For two years, Rémy Cointreau has included in its business objectives, the application of a social and environmental policy which is based on six commitments:
- farming methods which respect the environment;
- the dedication of suppliers to its social and environmental approach;
- Quality/Safety/Environment management of its production sites with totally secure manufacturing processes;
- promotion of communication and responsible consumption of its products targeting its customers and partners;
- practices that guarantee social equity and professional development of staff; and
- continuous investment in food safety and research.

During 2005/06, the Group continued with the steps already taken to involve their staff and partners (suppliers).

Rémy Cointreau has confirmed its commitment to the Global Compact Charter (Note **1.27**) by becoming a member of and supporting the "Forum des Amis du Pacte Mondial en France", a non-profit-making organisation in France.

Respect for the Global Compact Charter and the communication of its principles to the Group's business partners are an integral part of its Sustainable Development policies and remain one of its major priorities.

The six themes of Rémy Cointreau's Sustainable Development policy

Winemaking: farming methods that respect the environment

Since the beginning of the 1990s Rémy Cointreau has always paid constant and meticulous attention to the cultivation of grape wines through its commitment to a reasoned winemaking policy. This is an essential feature of the preservation of vineyards and soil.

Today, the Group's objective is to continue to adapt its practice to promote vine growing in a sustainable manner with regard for the environment. These practices are then shared with the vine growers and winemakers.

To achieve this, the Group's approach is based on regional guides for reasoned winemaking (Champagne and Charentes) with the upgrading of its winemaking properties to environmental standards, particularly on the Cognac site.

In addition, the creation of an "Environment and Water Quality" Charter confirms the commitments of the Group's winemaking properties to responsible and sustainable processes, with 10 commitments in relation to:
- the reduction in the use of herbicide;
- the optimised use of vine-protecting products;
- the monitoring and control of water and energy consumption;
- adding value to waste; and
- the development of personnel skills, through continuous training for reasoned winemaking.

Rémy Cointreau also encourages its suppliers and partners to act in a similar way by, for example, organising open days at its winemaking properties.

Supplier Relations: suppliers committed to the Group's social and environmental approach

The Group continues to act in accordance with three major objectives:
- abide by and enforce its Global Compact Charter commitments;

• establish a corporate and environmental audit process; and
• reduce the use of materials with a low recycling rate and reduce the weight of its packaging.

This year the Group focused, in particular, on corporate and environmental audits performed by an independent firm on a number of its foreign suppliers.
These audits were conducted as a trial measure and enable it to ensure compliance with human rights and working conditions as defined by law and good environmental practices.

In compliance with the requirements of corporate standard SA 8000 and environmental standard ISO 14001, these audits ensure respect for and sharing of the principles of the Global Compact Charter.

Quality/Safety/Environment: secure manufacturing processes and preservation of the environment

The quality of Rémy Cointreau's products is based on permanent industrial and food safety requirements, which have always been linked to respect for and protection of the environment.

For a number of years, the Group's policy has been based on the following areas:
• water and energy resource saving,
• reduction of emissions and waste,
• a guarantee of safety on sites, and
• environmental certification of its sites.

In relation to these objectives, and in line with the Angers site, the Cognac site was ISO 14001-certified this year. This result guarantees the site's permanent compliance with environmental regulations and confirms a commitment to water and energy consumption control, as well as waste management and recycling.

In this area of certification of its sites, the HACCP plans guarantee the food safety of products deployed on all the Group's sites and evaluated by an external body.

In order to optimise and rationalise these certification audits, this year Rémy Cointreau also decided to entrust the certification of these sites to a single certification body (AFAQ/Association Française de l'Assurance Qualité).

Within the framework of action relating to energy resource saving and environmental impact reduction, Rémy Cointreau purchased a trial electrical vehicle for the Angers site.

In addition, following the CO_2 report commissioned at the Angers site in 2004 as a pilot experiment, this process was applied to all Cognac sites, including winemaking properties, as well as at the Group's head office in Paris.

The CO_2 report was prepared in accordance with the benchmark method of ADEME. It highlighted the fact that the Group's greenhouse gas emissions are very low, due to the nature of its operations.

The follow up and implementation of this action was carried out by the French QSE Committee that met quarterly with Rémy Cointreau to encourage the exchange of good Safety and Environmental practices.

This year, the QSE Committee also updated the QSE policy, by focusing on three priorities:
• the organisation of HACCP plans and traceability with a regular evaluation by an external body;
• a certification of the ISO 14001 environmental standard at all French production sites; and
• the regular internal testing and evaluation of practices and systems guaranteeing the safety of people and assets.

The implementation of the QSE Policy, which is part of the Group's Sustainable Development strategy, is thus in keeping with its Global Compact Charter commitments.

Marketing and sales ethics: responsible communication with customers and partners

The promotion of Rémy Cointreau's brands has always been in keeping with ethical communication with its consumers, visitors and employees.

Rémy Cointreau's ambition is to encourage a responsible consumption culture and to take action to prevent risks related to excessive alcohol consumption.

Within this framework, this year Rémy Cointreau created responsible consumption tools, such as breathalysers and blood alcohol level tests, in accordance with the colours used in its major brands, Rémy Martin, Cointreau and Piper-Heidsieck. These tools are available to consumers at events organised by Rémy Cointreau.

In addition, Rémy Cointreau created and distributed to all its employees a "Guide to responsible consumption within a professional context". This lists good practices applied within the Group.

At the same time, the Responsible Communication Committee continues to meet quarterly to validate French and world communication campaigns and mediums and thus verify compliance with the Group's Responsible Communication Charter. This year, the Committee also paid particular attention to Internet communication methods.

"Responsible consumption is pleasurable consumption": with this slogan, Rémy Cointreau thus implemented concrete and responsible actions with respect to its various consumers, reminding them that the products must remain a source of pleasure, sharing and conviviality.

Human Resources: practices that guarantee social fairness and professional development

Rémy Cointreau approaches human resources issues in a responsible manner by developing a human resources policy that is fair and linked to social dialogue. Its salary policy is very transparent and motivated by the best existing social practices, in order to reward the commitment of its personnel.
Pragmatic tools that are directly accessible on the intranet guarantee fair treatment of everyone.

In 2006 for example, all employees received a summary of the Group's remuneration policy, illustrated with concrete examples.

Training is also a core aspect of action undertaken in respect of human resources. Over the past three years, a significant share of the Group's payroll has been linked to training, in particular through a management skills development training programme for executives.

One of the Group's objectives is to ensure the involvement of everyone in its Sustainable Development policy. Strong commitments to corporate and environmental responsibility are included in the professional training and internal communications in order that staff can fully participate in these commitments.

Thus internal communications (environment and safety messages, in-house letters and the Intranet) always include subjects related to Sustainable Development. Specific training has been organised for the reception teams at the Cognac, Angers and Reims sites.

Work on risk prevention related to alcohol in the business world and its repercussions on private life was launched this year with the establishment of Opale, an in-house study group. Training in the awareness of responsible consumption was provided and involved all Rémy Cointreau staff.

This year, Rémy Cointreau also participated in two major national events: the "week of mobility" and "road safety week", which was an ideal opportunity to make staff aware of these issues.

Rémy Cointreau continues to support social action and the commitment of its employees within the "Second Chance Foundation". Following the creation of a facility in Reims, a second facility was opened in Cognac this year. The objective of the Foundation is to offer opportunities to people with school, family or professional difficulties to recover from them. A number of the Group's employees are committed to the Foundation and provide psychological and technical support to those who request its help.

Food safety and research: continuous investment

This year the guarantee of maximum food safety was based on the optimisation of the Group's external traceability resources in order to meet European regulations on the complete traceability of food.

In order to have total visibility of products from their leaving the production sites to their sale to consumers, Rémy Cointreau decided to use EAN 128 labelling, a traceability tool recognised worldwide. The Group will thus have access to key information on every step of its products' distribution chain: source, date of receipt of products, place and duration of storage, date and destination of shipments.

The establishment of this traceability is completed by the rollout of the HACCP method on every Rémy Cointreau production site. Every risk identified in respect of hygiene and product consumption is monitored and preventative measures are taken throughout the production process of the products.

The established HACCP systems are managed with the same requirements as those of the Quality systems: regular audits, regular updates of action plans and recognition of compliance by an external body.

The combination of the HACCP/EAN 128 tool thus enables Remy Cointreau to guarantee effective traceability upstream and downstream, from the manufacture of products to their purchase by consumers.

At the same time, Rémy Cointreau continues to undertake research within the framework of its Sustainable Development policy. In this respect, studies carried out in partnership with the Poitiers CNRS on wood disease in the Charentes vineyards were continued via a thesis financed by Rémy Cointreau.

New studies were also conducted by the Rémy Cointreau laboratories on air quality at production sites.

During the 2005/06 financial year, the Sustainable Development policy took a new form. The advances in each of the six themes for action were considered overall, with the desire to achieve balanced progress.

As a result of its achievements, Rémy Cointreau's corporate and environmental approach is now a recognised and reliable one. It forms part of a genuine desire to make the business as responsible as possible in order to become a benchmark for consumers, investors and the talented people who will help create Rémy Cointreau's future.

The challenges of Corporate Responsibility are an integral part of ensuring the longevity of Rémy Cointreau and the corporate acceptability of its activities by all stakeholders.

At the date of the current report, Rémy Cointreau has not received any notification stating that it has contravened any regulations relating to the environment. To its knowledge, at the date of the current report, Rémy Cointreau is not involved in any administrative or legal procedure.

The production and sale of Group products are subject, in France and abroad, to regulations that are specific to alcoholic drinks, particularly in respect of the production, packaging and marketing of these products. The Group has for all aspects of its business, all the necessary authorisations to operate, and has not encountered, in this respect, specific constraints likely to significantly affect its operations.

At the date of the current report, neither Rémy Cointreau, nor any of its subsidiaries were involved, nor are involved, in a judicial procedure relating to a problem of liability due to product defects which has given or is likely to give rise to a legal decision against it.

2.9. Composition and holders of the share capital at 31 March 2006

At 31 March 2006, after the Board of Directors noted the various changes that had occurred during the year to the share capital, and that were disclosed in Chapter 5.3 of the current report, the share capital amounted to €72,809,830.40 divided into 45,506,144 shares with a nominal value of €1.60 each.

In accordance with Article L. 233-13 of the Commercial Code, it should be noted that:
- Orpar held over one-third of the share capital and over half the voting rights in the Company at 31 March 2006;
- Récopart held on the same day over 10% of the share capital and over 15% of the voting rights in the Company; and
- Arnhold and S. Bleichroeder LLC held on the same day over 10% of the share capital and over 5% of the voting rights in the Company.

3. Financial statements

3.1. Consolidated financial statements

Consolidated balance sheet

For the years ended 31 March 2006 and 31 March 2005

All data below is stated in accordance with IFRS principles and expressed in millions of euros.

Assets

	Notes	2006	2005
Brands and other intangible assets	3	629.6	922.7
Property, plant and equipment	4	180.5	195.6
Investments in associates	5	123.6	113.6
Other investments	6	70.7	7.6
Deferred taxes	20	12.3	13.0
Non-current assets		**1,016.7**	**1,252.5**
Inventories	7	852.4	845.9
Trade and other receivables	8	243.1	239.7
Income tax receivable		11.0	6.9
Derivative financial instruments	9	6.9	8.9
Cash and cash equivalents	10	31.6	53.6
Assets held for sale	2	204.0	–
Current assets		**1,349.0**	**1,155.0**
Total assets		**2,365.7**	**2,407.5**

Liabilities and equity

	Notes	2006	2005
Share capital		72.8	72.1
Share premium		639.5	630.7
Treasury shares		(0.7)	(0.6)
Consolidated reserves		127.3	119.9
Translation reserve		2.0	(3.0)
Net profit - Group share		77.8	49.8
Equity - Group share		**918.7**	**868.9**
Minority interests		(3.2)	19.4
Total equity	11	**915.5**	**888.3**
Long-term financial debt	12	376.2	746.4
Provisions for retirement	23	24.5	27.1
Long-term provisions for risks and charges	13	26.3	24.1
Deferred taxes	20	170.8	282.4
Non-current liabilities		**597.8**	**1,080.0**
Short-term financial debt and accrued interest	12	426.9	170.0
Trade and other payables	14	300.4	244.1
Income tax payable		23.6	3.0
Short-term provisions for risks and charges	13	34.1	19.4
Derivative financial instruments	9	1.9	2.7
Liabilities held for sale	2	65.5	–
Current liabilities		**852.4**	**439.2**
Total liabilities and equity		**2,365.7**	**2,407.5**

Consolidated income statement

For the years ended 31 March 2006 and 31 March 2005

All data below is stated in accordance with IFRS principles and expressed in millions of euros.

	Notes	2006	2005
Net sales	15	798.3	748.3
Cost of sales		(390.3)	(346.8)
Gross profit		408.0	401.5
Distribution costs	16	(197.5)	(199.2)
Administrative expenses	16	(80.2)	(84.9)
Other income (expenses) from operations	16	11.5	10.0
Current operating profit	15	141.8	127.4
Provisions for impairment		–	(3.1)
Other operating income (expenses)	18	(18.2)	12.3
Operating profit		123.6	136.6
Finance costs		(63.9)	(54.9)
Other financial income and expenses		0.8	(0.4)
Net financial expenses	19	(63.1)	(55.3)
Profit before tax		60.5	81.3
Income tax expense	20	(13.7)	(23.8)
Share of profit of associates	5	8.5	7.4
Net profit from continuing operations		55.3	64.9
Net profit (loss) from discontinued operations	21	18.6	(9.6)
Net profit		73.9	55.3
Attributable to minority interests		3.9	(5.5)
Net profit - Group share		77.8	49.8
Basic earnings per share			
Net profit - Group share (euros)		1.72	1.13
Net profit from continuing operations (euros)		1.22	1.47
Number of shares	11.2	45,320,286	44,247,047
Diluted earnings per share			
Net profit - Group share (euros)		1.70	1.13
Net profit from continuing operations (euros)		1.20	1.46
Number of shares	11.2	45,893,565	51,496,870

Consolidated statement of changes in equity

For the years ended 31 March 2006 and 31 March 2005

All data below is stated in accordance with IFRS principles and expressed in millions of euros.

	Number of shares	Share capital	Share premium	Treasury shares	Consolidated reserves and profit for the year	Translation reserve	Group share	Minority interests	Total equity
At 1 April 2004	44,269,864	71.6	626.4	(10.5)	170.1	–	857.6	13.5	871.1
Net profit for the year					49.8	–	49.8	5.5	55.3
Actuarial losses on retirement obligations					(7.3)	–	(7.3)	–	(7.3)
Related tax effect					2.0	–	2.0	–	2.0
Earnings taken directly to equity					(5.3)	–	(5.3)	–	(5.3)
Translation reserve					–	(3.0)	(3.0)	0.4	(2.6)
Total earnings impact on equity					44.5	(3.0)	41.5	5.9	47.4
Share-based payments					(0.8)	–	(0.8)	–	(0.8)
Capital increase	272,812	0.5	4.3		–	–	4.8	–	4.8
Transactions on treasury shares	479,985			9.9	–	–	9.9	–	9.9
Dividends					(44.1)	–	(44.1)	–	(44.1)
At 31 March 2005	45,022,661	72.1	630.7	(0.6)	169.7	(3.0)	868.9	19.4	888.3
Adoption of IAS 32/39					5.2	–	5.2	(8.0)	(2.8)
At 1 April 2005	45,022,661	72.1	630.7	(0.6)	174.9	(3.0)	874.1	11.4	885.5
Net profit for the year					77.8	–	77.8	(3.9)	73.9
Change in value of hedging instruments					(3.2)	–	(3.2)	–	(3.2)
Actuarial gain on retirement obligations					0.6	–	0.6	–	0.6
Related tax effect					0.9	–	0.9	–	0.9
Earnings taken directly to equity					(1.7)	–	(1.7)	–	(1.7)
Translation reserve					–	5.0	5.0	–	5.0
Total earnings impact on equity					76.1	5.0	81.1	(3.9)	77.2
Share-based payments					1.7	–	1.7	–	1.7
Capital increase	702,116	1.1	15.3		–	–	16.4	–	16.4
Cancellation of shares	(280,927)	(0.4)	(7.2)		–	–	(7.6)	–	(7.6)
Conversion of bonds	32,294	0.0	0.7		–	–	0.7	–	0.7
Transactions on treasury shares	5,300	–	–	(0.1)	–	–	(0.1)	–	(0.1)
Dividends				–	(45.0)	–	(45.0)	–	(45.0)
Other (1)				–	(2.6)	–	(2.6)	–	(2.6)
Changes in consolidation scope				–	–	–	–	(10.7)	(10.7)
At 31 March 2006	45,481,444	72.8	639.5	(0.7)	205.1	2.0	918.7	(3.2)	915.5

(1) *Restatement of first consolidation of contracts with distillers (bouilleurs de cru).*

Consolidated cash-flow statement

For the years ended 31 March 2006 and 31 March 2005

All data below is stated in accordance with IFRS principles and expressed in millions of euros.

	Notes	2006	2005
Current operating profit		141.8	127.4
Adjustment for depreciation and impairment charges		14.6	16.1
Adjustment for share-based payments		1.7	0.8
Dividends received from associates	5	7.3	7.8
EBITDA		165.4	152.1
Change in working capital	22	(2.1)	24.6
Cash generated from operations		**163.3**	**176.7**
Other operating cash flows			
- other operating income and expenses		(2.6)	(4.5)
- net financial expenses		(45.7)	(41.4)
- net income taxes paid		(30.5)	(28.8)
Net effect of discontinued operations (pre-tax)		11.7	22.4
Net cash flow from operating activities		**96.2**	**124.4**
Capital expenditure	3/4	(21.0)	(24.2)
Purchase of investments	5	(8.9)	
Proceeds on sale of fixed assets		11.1	18.6
Net cash flow from other investments	6	(1.8)	(0.5)
Net effect of discontinued operations		60.0	(10.6)
Net cash from (used in) investing activities		**39.4**	**(16.7)**
Capital increase	11	9.5	4.8
Treasury shares	11	(0.1)	8.8
Bond issue		–	200.0
Repayment of financial debt		(112.5)	(286.6)
Dividend paid to shareholders of the parent company		(45.0)	(44.1)
Other cash flows from financing activities		0.6	–
Net effect of discontinued operations		(9.3)	(5.2)
Translation adjustment on cash position		(0.8)	0.1
Net cash flow from financing activities		**(157.6)**	**(122.2)**
Change in cash position		**(22.0)**	**(14.5)**
Cash and cash equivalents brought forward	10	**53.6**	**68.1**
Cash and cash equivalents carried forward	10	**31.6**	**53.6**

Notes to the consolidated financial statements

Introduction

Rémy Cointreau is a *société anonyme* (joint stock company) with a Board of Directors subject to French legislation and in particular to the French Commercial Code. Rémy Cointreau shares are listed on Euronext Paris.

The consolidated financial statements stated below were approved by the Board of Directors on 6 June 2006 pursuant to a recommendation from the audit committee following their meeting dated 1 June 2006. They will be submitted for shareholder approval at the shareholders' general meeting of 27 July 2006.

1. Accounting policies

Rémy Cointreau has a 31 March year-end.

In accordance with Regulation (EC) No 1606/2002 of the European Parliament and the Council of 19 July 2002 on the application of international accounting standards, the consolidated financial statements of Rémy Cointreau are prepared in accordance with international accounting policies applicable within the European Union as at 31 March 2006.

These international accounting standards were applied with retroactive effect to the transition balance sheet as at 1 April 2004, the transition date, except for certain optional or mandatory exemptions required under IFRS 1, *First-time Adoption of International Financial Reporting Standards*. The transition balance sheet gave rise to a note in the Reference Document for the year ended 31 March 2005 and to a separate disclosure prior to the publication of the financial statements for the 6 months ended 30 September 2005. This disclosure, which also covered adjustments to the year ended 31 March 2005 that are presented as comparative figures in this report, is restated under note **29** hereto. However, in accordance with IFRS 5, applied as from 1 April 2004, account reclassifications were subsequently undertaken to these financial statements in respect of discontinuing operations.

IAS 32 and IAS 39 were only implemented with effect from 1 April 2005, without adjustment to the figures for the year ended 31 March 2005, pursuant to the option available under IFRS 1. The effect of this change in accounting policy was recorded within equity at 1 April 2005 and is described under note **28**. The information for the year ended 31 March 2006 is not comparable with the year ended 31 March 2005 given that the latter has not been adjusted.

The Group adopted early the amendment to IAS 39 regarding cash flow hedges and fair value of intragroup transactions as of 1 April 2005. The Group decided not to apply the amendement to IAS 1 – *Capital Disclosures,* IFRS 7 – *Financial Instruments: Disclosures* and IFRIC 4 – *Determining whether an arrangement contains a lease* until the latest adoption date as from 1 January 2007.

To ensure the accounts' visibility, the summary financial statements only cover accounts prepared under IFRS for years ended 31 March 2006 and 31 March 2005.

1.1. Use of estimates

The preparation of the financial statements in accordance with the framework defined by International Financial Reporting Standards required placing reliance on estimates and formulating hypotheses that have a bearing on the amounts reported in the financial statements and whose subsequent revision could affect future results.

This is particularly the case in respect of the valuation of:
- Brands,
- Retirement obligations,
- Stock option plans,
- Derivative financial instruments,
- Provisions for risks and charges, and
- Valuation of non-consolidated equity investments.

1.2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all material entities when Rémy Cointreau controls directly or indirectly more than 50% of voting rights or over which it exercises effective control, even in the case of certain special purpose entities in which it does not own any of the capital.

Entities over which Rémy Cointreau exercises significant influence are accounted for by the equity method. This is presumed to be the case when Rémy Cointreau controls between 20% and 50% of voting rights.

Consolidated companies prepare their financial statements in accordance with generally accepted accounting principles in their country. When necessary, adjustments are made to these financial statements to bring their accounting policies into line with those used by the Group.

All significant transactions between consolidated companies as well as intra-group gains and losses are eliminated on consolidation.

1.3. Translation of the financial statements of foreign subsidiaries

The consolidated financial statements of the Rémy Cointreau Group are stated in euros, the operational currency of Rémy Cointreau S.A.. The balance sheets of foreign subsidiaries, whose working currency is not euros, are translated at the closing exchange rate, while the income statements are translated at the average exchange rate during the period ended. Differences arising from the use of different exchange rates are recognised directly in equity under "Translation reserve" until the sale or liquidation of the subsidiary concerned.

In accordance with the option provided under IFRS 1, accumulated translation reserves at 31 March 2004 were reclassified as a component of consolidated reserves.

1.4. Foreign currency transactions

In accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates,* transactions denominated in foreign currencies are recorded initially at the rate of exchange on the date of the transaction at the level of each consolidated entity. At the end of the reporting period, foreign currency assets and liability balances are translated at the closing rate of exchange. Resulting differences are recognised in the income statement as an operating item or as a financial item depending on the nature of the underlying transactions.

This treatment is also applied to intra-group transactions with the exception of those classified as long-term financing for which the effects of changes in foreign exchange rates are recognised directly in equity under translation reserve.

The Rémy Cointreau Group generates around 70% of its revenue outside the Eurozone, whereas production and other costs are incurred mainly within this zone. For this reason, the consolidated operating profit has significant exposure to changes in foreign exchange rates. The Group frequently uses derivative instruments, particularly options, to hedge this currency risk.

When such instruments qualify as hedging as defined by IAS 39, they are recognised on the balance sheet at their fair value at the balance sheet date. Changes in the value of these instruments are recognised as a component of:
• Gross profit for the effective portion of the hedging of trade receivables and payables at the period end;
• Recyclable equity for the effective portion of the hedging of future cash flows, the gain or loss being recycled in gross profit (for trading cash flows) or within net financial income or charges (other cash flows) as the hedged transactions are completed;
• Financial results for the ineffective part of the hedging of future cash flows, including changes in the time value of the options.

Realised currency gains and losses during the year are recorded in the same accounts as their underlying transactions (i.e. within gross profit for trading transactions).

More details about derivative instruments are provided in note **1.10.d**.

1.5. Goodwill

Goodwill represents the difference between the cost of acquisition of the shares and the fair value of identifiable assets and liabilities at the date of acquisition.

In accordance with IFRS 3, *Business Combinations,* goodwill is not amortised but is the object of impairment testing at least annually and as soon as there is any indication of a diminution in value. For the purpose of these tests, goodwill is allocated to Cash-Generating Units (CGU).

1.6. Intangible assets

Intangible assets comprise mainly the value of the brands identified when acquisitions are made by the Group.

Spending to create new brands or to develop existing brands and all expenses incurred to file the brands and protect them legally are systematically recognised in the income statement in the period when incurred.

Brands in the balance sheet of Rémy Cointreau are not amortised when they enjoy legal protection, since they generate higher results than do similar unbranded products, and have an indefinite useful life.

Brands are the object of impairment testing at least annually and as soon as there is any indication of a diminution in value. These tests are described in note **1.8**.

Distribution rights associated with the brands were also recognised in connection with acquisitions made by the Group. When these rights have an indefinite life, they are not amortised but are tested for impairment in conjunction with the brands concerned.

All research and development costs are charged to expense.

Other intangible assets are amortised over the following periods:
- Leasehold rights over the term of the lease;
- Software licences and direct costs of installation and/or upgrades over 3 to 7 years

1.7. Property, plant and equipment

a) Cost

In accordance with IAS 16, *Property, Plant and Equipment,* items of property, plant and equipment are recognised at acquisition or production cost. The Group having opted for the Cost Model, these assets are not subsequently revalued.

Cost does not include any finance costs.

Capital grants are deducted from the cost of the property, plant or equipment to which they relate.

Maintenance and repair costs are recognised in the income statement when incurred except when incurred to increase productivity and/or to extend the useful life of the asset.

Plant, property and equipment acquired through finance leases as defined by IAS 17, *Leases,* are reported as an asset on the balance sheet at the lower of the fair value of the asset or the present value of the minimum lease payments. The corresponding debt is reported as a liability on the balance sheet. The assets concerned are depreciated using the same method and over the same useful life as are similar assets owned outright.

b) Depreciation

Depreciation is calculated using the straight-line method applied to the cost of the acquisition less any estimated residual value.

The Group owns assets that are used mainly in production, until the end of their estimated useful life, and which do not therefore have a significant residual value.

Depreciation is allocated over the estimated useful life of the different categories of property, plant and equipment, which corresponds to the period during which it is estimated economic benefits will accrue to the business.

• Property according to the nature of the individual items	10 to 75 years
• Stills, barrels and vats	35 to 50 years
• Technical installations, equipment and tooling	3 to 15 years
• Computer equipment	3 to 5 years
• Other assets	5 to 10 years

1.8. Impairment of non-current assets

In accordance with IAS 36, *Impairment of Assets,* the value in use of tangible and intangible assets is tested as soon as there is any indication of a diminution in value, and at least annually in the case of assets with an indefinite useful life (i.e. brands and certain distribution rights – see note **1.6**).

When impairment tests indicate that the value in use is less than the carrying amount, this loss is recognised in the income statement under provisions for impairment on the condition such loss is considered to be permanent.

For these tests, the assets are allocated to cash-generating units (CGU). In the Group's case, the structure of these units is based on the portfolio of brands. Each brand or group of brands constitutes a unit when the brand or brands generate cash flows that are largely independent in relation to the other brands or groups of brands.

These tests consist of comparing the carrying amount of the brands and related assets to their present value, being the highest of their value in use and their market value less any costs involved in selling the assets.

With respect to operational entities, which Group management have decided to sell, the assets concerned are stated at the lower of book value and estimated market value after selling costs. If negotiations are outstanding, the value is established based on the best estimation as of the balance sheet date.

The principal method used to estimate value in use is based on the present value of future cash flows (excluding finance costs) generated by the use of the brand. These cash flows are estimated by reference to medium-term business plans of 5 to 10 years approved by the Board of Directors. The exit value is determined by applying a constant growth rate to infinity. The discount rates used are set for each brand in turn and include a specific risk premium for each activity.

At 31 March 2006, the following assumptions were used:
• Pre-tax discount rates ranging from 8.7% to 10.8%;
• Growth rate to infinity of 2%.

When recent transactions involving similar assets have taken place, multiples for these transactions are used to determine fair value.

1.9. Inventories

Inventories are valued in accordance with IAS 2, *Inventories.*

Inventories are recognised when the risks and rewards of their ownership have passed to the Group. The application of this principle, which is part of the IFRS conceptual framework, results in the recognition of inventories that are held physically and legally by third parties. The other side of the entry is generally a recognition of the corresponding liability under trade payables.

A substantial part of the inventories held by the Group consists of eaux-de-vie (spirits for cognac, brandy, rum and armagnac) and wines (champagne) that are undergoing ageing. These inventories may be held for periods ranging from 3 to more than 70 years. They remain within current assets based on common industry practice in the business. Production costs are determined in line with industry practices to the extent that this approach complies with the requirements of IAS 2.

Inventories originating from vineyards owned or operated directly by the Group are not material.

The cost of inventories does not include finance costs incurred during the ageing period. These finance costs are recognised in the income statement in the period when incurred.

The value of inventories undergoing ageing varies each year since it is adjusted to include production costs attributable directly to the ageing process as well as to reflect evaporation. The approach used to determine net realisable value takes into account the price at which finished products made from these inventories will be sold.

Finish goods are stated at the lower of cost or net realisable value. Cost is calculated using the weighted average method or the net realisable value.

1.10. Financial assets and liabilities

Financial assets and liabilities are valued in accordance with IAS 39, *Financial Instruments: Recognition and Measurement,* as approved by the European Union on 19 November 2004.

a) Trade receivables and payables

Trade receivables and payables, which are generally collected or settled within three months, are stated at their nominal value.

Appropriate allowances are recognised when the amount at which trade receivables are carried, which is based on the probability of collection, is less than their book value.

b) Non-consolidated equity investments

These shares consist of available-for-sale investments as defined by IAS 39 and are therefore stated at realisable value at the balance sheet date. As a rule, changes in value are recognised directly to equity until such gains or losses are actually realised, except when the loss is considered to be permanent, in which case a provision for impairment is recognised in the financial statements as a financial expense.

In the case of the Rémy Cointreau Group, these shares represent non-core investments that have been retained for historical reasons and which are not listed on an organised market.

c) Shares measured in accordance with fair value option

When shares in Bols Sp.z.o.o. were sold in August 2005, the Group received shares in CEDC, a company listed on the Nasdaq, that are valued at fair value, with changes in fair value recognised in profit or loss. Such changes in fair value are dealt with as financial item in the income statement.

This investment is valued by the Group at its market value to ensure its liquidity is managed to the maximum efficiency. Market value is monitored daily and reported to the Group Finance Director.

d) Derivative financial instruments

The Group makes extensive use of derivative financial instruments as part of its policy for hedging exposure to currency and interest rate risks. The Group implements the procedures and maintains the documentation needed to justify the application of hedge accounting as defined by IAS 39.

Derivative instruments are reported on the balance sheet at their market value on the balance sheet date. Changes in the value of these instruments due to exchange rate fluctuations are recognised in the manner described in note **1.4**. When used to hedge an interest rate risk, changes in the value of derivative instruments (principally caps) are posted to recyclable equity in respect of the change in value of the instrinsic value of the hedging instruments, to net financial income and expenses in respect of the change in time value of the hedging instruments and the change in fair value of the non-hedging instruments.

Other derivative instruments held by the Group result from one-off transactions linked to divestments (see note **21**), or concern contracts involving Rémy Cointreau shares. The latter include an equity swap and purchase options for Rémy Cointreau shares. As required by IAS 32 and IAS 39, changes in the value of these instruments are recognised directly in equity.

e) Financial debt

The financial debt of the Group comprises mainly:
- Subordinated perpetual notes (TSDI) nearing redemption;
- Bonds with the option to convert into and/or exchange for new and/or existing shares (OCEANE);
- Two non-convertible bond issues;
- Amounts drawn down from credit lines negotiated with a banking syndicate.

The perpetual subordinated notes were assigned to a debt securitisation fund (*Fonds Commun de Créance* - FCC) in May 1996, but pursuant to the requirements of IAS 27, IAS 32 and IAS 39, this fund is consolidated as a special purpose vehicle. Therefore, in the consolidated balance sheet of Rémy Cointreau, the subordinated perpetual notes were eliminated and replaced by the financial debt of the debt securitisation fund.

As required by IAS 32 and 39, the OCEANE is recognised in two parts:
- The liability component, which corresponds to the present value of the debt at the market rate on the date of issue;
- The equity component, which is the difference between the nominal value of the instruments and the value of the liability component, and corresponds to the value of the embedded conversion option at the date of issue.

Issue costs are apportioned between the debt and equity components of the OCEANE based on their relative carrying amounts at the date of issue.

The equity component has not been re-measured since the date of issue, regardless of changes in the value of the Rémy Cointreau share. The liability component is recognised in accordance with the effective interest rate method taking into account the premium that could potentially be paid on redemption of the instruments.

Financial resources other than the OCEANE, and including the financial debt of the debt securitisation fund, are recognised at their nominal value net of costs incurred when arranging this financing, which are recognised in the income statement as finance costs using the effective interest method, except for costs relating to the banking syndication that are recognised using the straight-line method over the term of the syndication.

f) Commitment to buy out minority interests

IAS 39 requires commitments to buy out minority shareholders to be reported on the balance sheet. The Rémy Cointreau Group was concerned by this requirement due to the 50% shareholding held in the Polish company Bols Sp.z.o.o. This commitment was valued at €50.9 million when IAS 32 and IAS 39 were applied for the first time on 1 April 2005. However, Bols Sp.z.o.o having since been sold, this commitment no longer appears in financial statements prepared since that date.

1.11. Cash and cash equivalents

Cash and cash equivalents comprises cash and short-term invesments considered highly liquid, which can be converted into a known amount of cash and involve immaterial risk of loss in value in relation to the criteria specified under IAS 7.

Bank overdrafts are excluded from cash and cash equivalents and are included in short-term financial debt.

1.12. Deferred tax

In accordance with IAS 12, deferred tax is recognised on all timing differences between the carrying amounts of the assets and liabilities in the consolidated financial statements and the corresponding tax bases in the accounts of the consolidated entities.

Deferred tax is calculated at the tax rates that are expected to be in effect when the timing difference reverses, generally at the tax rate for the current reporting period or subsequent reporting period if known. The effects of changes in tax rates are included in the income tax expense of the period in which they become known.

The main item of deferred tax for the Rémy Cointreau Group arises from the difference in the value of the brands in the consolidated financial statements, very often resulting from goodwill on acquisitions, and their value for taxation purpose, which is often nil.

As required by IAS 12, a deferred dividend tax liability is recognised on the difference between the carrying amount and the tax value of shares held in associates. In the case of fully consolidated entities, the deferred tax liability is recognised only in respect of dividends that are certain at the balance sheet date.

Tax savings from relieving tax losses carried forward are recognised as deferred tax assets and amortised by reference to the probability that these losses will be relieved.

In the interim consolidated financial statements, the income tax expense is estimated by applying the estimated effective tax rate for the year as whole to the pre-tax profit. This calculation is performed for each entity in turn.

1.13. Provisions for risks and charges

In accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* a provision is recognised when the Group has an obligation towards a third party and it is certain or probable that it will result in a payment in cash or kind being made to the third party without the receipt of an at least equivalent consideration. Provisions for restructuring are recognised when the restructuring has been announced and detailed measures drawn up.

When an obligation is expected to be settled in more than twelve months, the amount of the provision is discounted to its present value, with the effects of this discounting being recognised in profit or loss as a financial item.

1.14. Pension and other long-term employee liabilities

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

Commitments are determined and recognised in accordance with the requirements of IAS 19.

Accordingly:
• Charges relating to defined contribution plans are recognised to profit or loss as paid;
• Commitments in respect of defined benefit plans are determined by actuaries using the Projected Unit Credit Method. These calculations are based on assumptions regarding mortality, staff turnover and future increases in salary. They also take into account the economic situation in each country. Discount rates used are yields on government bonds with the maturity nearest to the pension obligations.

Commitments under defined benefit plans concern:
• Commitments relating to the pension fund of Bols in the Netherlands until 31March 2006;
• Commitments under the Group's pension plan in Germany and Barbados;
• Retirement indemnities and long-service medals arising from collective bargaining agreements in France;
• Commitments in respect of various post-retirement healthcare benefits;
• Other commitments in respect of supplementary defined benefit pension plans sponsored by the Group.

Certain Group companies have early retirement plans that are accounted for in the same way as the termination of employment contracts.

As at 31 March 2006, the Group transferred its pension liabilities in resect of Bols in the Netherlands to an insurance company. The value of the transfer amounted to €10.5 million. Corresponding provisions set up in prior years were reversed.

As permitted by IFRS 1, the Group has elected to recognise all actuarial gains and losses that had not been recognised as at 1 April 2004 by a direct entry to equity.

Actuarial gains and losses for defined benefit plans arising since 1 April 2004 have also been recognised directly to equity and reported in the statement of recognised income and expense. These actuarial gains and losses correspond to experience adjustments, namely the effects of differences between the previous actuarial assumptions and actual experiences, and the effects of changes in actuarial assumptions.

1.15. Net sales

Revenue comprises wholesale sales of finished products of the brands of wines and spirits marketed by the Group to:
• The various distribution companies of the Maxxium network, which is 25% owned by Rémy Cointreau;
• Other distribution companies;
• Agents;
• Wholesalers, mainly in North America.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, which as a rule occurs on shipment.

These sales are stated excluding alcohol duties and sales taxes and are determined by reference to the prices charged to the customers. Sales to wholesalers are recognised net of any provisions for discounts, rebates and other forms of assistance when they result in the customer ultimately paying a lower price for the goods.

Certain net sales that are ancillary to the sale of the wine and spirit brands notably net sales from subcontracting and the distribution of alcohol-free products – are recorded under other income and expenses for their net amount to the extent they are peripheral to the Group's core activity.

1.16. Definition of certain indicators

a) Current operating profit, operating profit, net profit (loss) from discontinued operations

Current operating profit comprises all elements relating to the Group's activities with the exception of:
• The operating profit from operations that were discontinued during the period or are to be discontinued, when plans to this effect have been approved by the Board of Directors. The corresponding operating profit is reclassified on the line "Net profit (loss) from discontinued operations" together with other items of revenue and expense relating to these activities.

• Items that, given their nature, frequency and materiality, cannot be considered as part of the Group's ordinary activities and affect inter-period comparisons. They include notably impairment losses in respect of brands and other non-current assets recognised as a result of impairment tests (see note **1.8**), provisions for restructuring, profits and losses on the sale of significant assets other than those of operations that were or are to be discontinued.

b) Earnings before interest, tax, depreciation and amortisation (EBITDA)

This aggregate is used notably in the calculation of certain ratios. It corresponds to the current operating profit adjusted by adding back depreciation and amortisation charges in respect of tangible and intangible fixed assets and charges in respect of share-based payments, to which are added dividends from associates received during the period.

c) Net debt

This aggregate is used notably in the calculation of certain ratios. It corresponds to long-term financial debt plus short-term financial debt and accrued interest less cash and cash equivalents.

1.17. Segment reporting

As required by IAS 1 and IAS 14, the Group provides an analysis by business and geographical segment of certain items in its financial statements.

a) Business segments

The primary segment reported is the business segment. Each segment combines brands presenting similar profiles in terms of industrial process, profitability and risk. These segments are: Cognac, Spirits and Liqueurs, Champagne and Partner Brands.

The last segment includes those brands for which the Group is not involved in any production process but which are distributed by the Group's own networks.

Items that cannot be allocated directly to a brand or to a portfolio of brands are allocated on a pro-rata basis considering notably the proportion of the sales generated each year by the brand or portfolio of brands.

Accordingly, if income or expense is posted to *"Net profit (loss) from discontinued operations",* certain shared costs previously allocated to the operations concerned are reallocated to continuing operations.

b) Geographical segments

The secondary segment reported is the geographical segment. The breakdown of revenue by geographical segment is based on the country of destination of the goods sold. The breakdown of balance sheet items is based on the country where the consolidated entities are located.

Geographical segments are: Europe, the Americas, Asia and rest of world. "Asia and rest of world" includes Asia, Australia, New Zealand and Africa.

1.18. Treasury shares

Rémy Cointreau shares held by the Group are deducted from equity for the amount at which acquired.

As from 15 November 2005, and for a period of one year renewable by tacit agreement, Rémy Cointreau signed a liquidity contract with Rothschild & Cie Banque that complies with the Ethics Charter of the *Association Française des Entreprises d'Investissement* and approved by the *Autorité des Marchés Financiers* (AMF) by a decision dated 22 March 2005 and published in the *Bulletin des Annonces Légales Obligatoires* (BALO) on 1 April 2005. To implement the contract, €1,572,000 and 30,000 shares were transferred to the liquidity account.

At each period end, Rémy Cointreau shares held in the liquidity account and the net gains or losses on share transactions conducted by Rothschild & Cie Banque in the prior period are posted to equity. The value of cash in the liquidity account is stated within "Other investments".

1.19. Stock option plans and bonus shares

In accordance with the transitional provisions of IFRS 2, *Share-based Payments,* the stock option plans since 7 November 2002, i.e. Plans 12, 13 and 2005 give rise to the recognition of a charge representing the estimated value of the advantage granted to the plans' beneficiaries. This advantage is measured on the date each plan is granted using a binomial model and is expensed on a straight-line basis over the vesting period, i.e. four years as from the grant date in respect of Plans 12 and 13 and two years in respect of Plan 2005. Amounts are expensed as administrative expenses, the other side of the entry being a credit to reserves.

1.20. Earnings per share

Basic earnings per share are calculated based on the weighted average number of shares in issue during the reporting period, less treasury shares deducted from equity and plus the number of shares corresponding to the certain conversion of convertible bonds, which conversion is not optional.

Diluted earnings per share are calculated based on the weighted average number of shares in issue during the reporting period, less treasury shares deducted from equity and increased to reflect:

• The weighted average number of shares that would be issued during the reporting period were all existing subscription options granted in respect of the various plans to be exercised, on the condition that such options had not expired at the balance sheet date;

• The total number of shares that would be issued if OCEANE holders exercised their conversion rights.

As required by IAS 33, it was assumed that proceeds from exercise of the options would be used to acquire ordinary shares at the average market price during the period.

Diluted earnings per share are calculated after adjusting earnings for a reduction in interest expense that would arise on conversion of OCEANE bonds.

The diluted earnings per share cannot be higher than the basic earnings per share.

1.21. Discontinued operations

When a company or a significant activity is sold during the reporting period:

• For comparative periods, each line of the income statement for this company or activity is reclassified on the line *"Net profit (loss) from discontinued operations".* A similar reclassification is performed in the cash flow statement on the line *"Net effect of discontinued operations"* within cash flows from operating activities.

• For the period during which the company or activity was sold, each line of the income statement through the date of disposal is reclassified to *"Net profit (loss) from discontinued operations".* A similar reclassification is performed in the cash flow statement on the lines *"Net effect of discontinued operations"* within cash flows from operating activities.

• The post-tax gain or loss on sale of the activity concerned after transaction costs is also posted to *"Net profit (loss) from discontinued operations".* In the cash flow statement, a distinction is made between the proceeds received from the sale net of transaction, which are posted to cash flow from investing activities, and any impact from non-consolidation of cash held by the sold entity, which is posted to cash flow from financing activities.

If a company or a significant activity is in the process of being sold as at balance sheet date according to the criteria stated by IFRS 5:

• All income statement lines of this company or activity for comparative periods are reclassified under *"Net profit (loss) from discontinued operations".* A similar reclassification is performed in the cash flow statement on the line *"Net effect of discontinued operations"* within cash flows from operating activities.

• All income statement lines of this company or activity for the current period are reclassified under *"Net profit (loss) from discontinued operations".* A similar reclassification is performed in the cash flow statement on the line *"Net effect of discontinued operations"* within cash flows from operating activities.

• Costs directly attributable to the outstanding sale transaction, for which there is an irrevocable commitment as at the balance sheet date, are posted to *"Net profit (loss) from discontinued operations".* A similar reclassification is performed in the cash flow statement on the line *"Net effect of discontinued operations"* within cash flows from investing activities.

• Assets and liabilities directly attributable to the company or activity sold, which will be transferred on sale, are reclassified under "assets held for resale" or "liabilities held for resale" only in respect of the current period.

1.22. Consolidation of cooperatives

Since 1 April 2003, Rémy Cointreau has consolidated the two "eaux-de-vie" ageing cooperatives, Prochacoop and Champaco, as special purpose entities. On 28 February 2005, these cooperatives merged to become Alliance Fine Champagne (AFC). This entity is consolidated under the full method.

In April 2005, CLS Rémy Cointreau transferred to Alliance Fine Champagne its "eaux-de-vie" purchase commitments and the direct management of three-year supply agreements between itself and the distillers. Based on an analysis of the modus operandi for the management of these contracts and the price formula applied on delivery, it was considered that risks and rewards stemming from the ownership of the spirits inventories held by the distillers were transferred to Alliance Fine Champagne (therefore CLS Rémy Cointreau) upon the spirits passing the qualitative tests performed by Rémy Cointreau and the distiller subscribing to shares in the cooperatives in respect of its delivery commitments.

Accordingly, purchase commitments transferred to Alliance Fine Champagne have been recorded as inventories and the corresponding liability under trade payables with effect from 1 April 2005. This was done after restatement to comply with Group accounting policies.

1.23. Consolidation of JV Maxxium

The Rémy Cointreau Group holds a 25% stake in the Maxxium BV distribution venture, to which it is bound by a strategic distribution agreement signed with three other partners: The Edrington Group, Beam Global Brands, and Vin & Sprit.

The agreement signed with Maxxium contains specific rules regarding the appropriation of the profits of Maxxium BV between the partners, with as a consequence that the profits and dividends are not appropriated by reference to the partners' interest in the capital (25% each).

At every period end, the theoretical net profit or loss is allocated to each partner based on a contractual formula. The net profit or loss is compared to Maxxium's actual net profit or loss on each partner's product range. The positive or negative post-tax difference arising, which is termed "excess (short) contribution", is added or deducted from each partner's basic share of earning (25% each). The resulting amount also corresponds to the dividend which will be distributed.

Due to the geographical spread of the sales of its brand portfolio in the joint venture, as from the year ended 31 March 2006, Rémy Cointreau earns an "excess contribution". An economic and financial analysis of this "excess contribution" results in redistributing a portion to the brands. On equity consolidation of the joint venture, Rémy Cointreau includes this portion under current operating profit and tax. The remaining balance remains within *"Share of profit of associates"*.

2. Changes in consolidation scope

2.1. Businesses sold during the year

On 17 August 2005, Rémy Cointreau finalised the sale of its 50% equity interest in Bols Sp.z.o.o, the Polish production and distribution joint venture. Details of this transaction are provided in note **21**.

The activities included in the sale were consolidated for the period from 1 April 2005 to 17 August 2005 under "Net profit (loss) from discontinued operations". The net profit from these activities for the year ended 31 March 2005 has been reclassified under "Net profit (loss) from discontinued operations" in the comparative figures of the consolidated income statement.

The income statement and balance sheet of Bols Sp.z.o.o. are as follows:

€ millions	2006 (1)	2005
Net sales	18.0	72.1
Gross profit	9.0	42.2
Distribution costs	(7.9)	(25.9)
Current operating profit	1.1	16.3
Net financial expenses	(0.5)	(2.2)
Profit before tax	0.6	14.1
Income tax expense	(0.1)	(3.3)
Net profit	0.5	10.8

(1) *For the period ended 17 August 2005.*

€ millions	2005
ASSETS	
Intangible assets	0.8
Property, plant and equipment	11.3
Deferred tax	2.2
Non-current assets	14.3
Inventories	5.9
Trade and other receivables	32.0
Cash and cash equivalents	9.2
Current assets	47.1
Total assets	61.4
LIABILITIES AND EQUITY	
Equity - Group share	11.8
Minority interests	11.7
Total equity	23.5
Long-term financial debt	0.7
Deferred tax	0.5
Non-current liabilities	1.2
Short-term financial debt and accrued interest	0.5
Trade and other payables	35.5
Income tax payable	0.7
Current liabilities	36.7
Total liabilities and equity	61.4

The income statement data above does not include sales of around €3 million per year earned by other Rémy Cointreau Group companies with Bols Sp.z.o.o.

The transaction also resulted in a reduction of €104.4 million in the line “brands”.

The impact of the sale of these activities on segment data for the year ended 31 March 2005 is as follows:

€ millions	Net sales	Current operating profit
Cognac	(0.2)	0.0
Liqueurs and spirits	(58.5)	(16.9)
Partner brands	(8.7)	0.0
Total	(67.4)	(16.9)
Of which Europe	(67.4)	N/A

2.2. Activities in the process of being sold

2.2.1. Sale of a range of liqueurs and spirits brands

In March 2006, the Rémy Cointreau Group signed an agreement subject to outstanding conditions with an investment fund for the sale of a range of brands mainly comprising the Italian liqueurs Galliano and Vaccari, Bols liqueurs, the gin brands Bols, Bokma, Hartevelt and other Dutch liqueurs. This agreement led to a sales contract signed on 11 April 2006 (see note **21.2**).

All lines of the income statement of the activities sold were reclassified under “Net profit (loss) from discontinued operations” for the years ended 31 March 2006 and 31 March 2005. The amounts reclassified were as follows:

€ millions	2006	2005
Net sales	67.4	70.0
Gross profit	35.0	35.9
Distribution costs	(14.0)	(20.0)
Administrative expenses	(3.8)	(2.3)
Current operating profit	17.2	13.6
Provision for impairment		(25.7)
Other income from operations	(8.2)	(10.6)
Operating profit	9.0	(22.7)
Net financial expenses	(1.8)	(0.5)
Profit before tax	7.2	(23.2)
Income tax expense	(0.6)	13.6
Net profit	6.6	(9.6)

Balance sheet assets and liabilities and equity of the activities in the process of being sold (principally brands acquired on company acquisitions and the related deferred tax and inventories) have been reclassified under assets and liabilities held for resale in the balance sheet as at 31 March 2006.

€ millions	2006	2005
ASSETS		
Intangible assets	188.2	188.2
Investments in associates	3.6	3.6
Deferred tax	3.8	3.4
Inventories	4.6	1.7
Total assets	**200.2**	**196.9**
LIABILITIES		
Deferred tax	52.7	55.8
Long-term provisions for risks and charges	12.8	10.9
Total liabilities	**65.5**	**66.7**

The impact of the reclassification on segment reporting was as follows:

	Net sales		Current operating profit	
€ millions	2006	2005	2006	2005
Cognac			(2.6)	(0.9)
Liqueurs and spirits	(67.4)	(70.0)	(14.0)	(12.7)
Champagne			(0.3)	(0.1)
Partner brands			(0.3)	0.1
Total	**(67.4)**	**(70.0)**	**(17.2)**	**(13.6)**

	Net sales	
€ millions	2006	2005
Europe	(49.6)	(53.0)
Americas	(6.7)	(6.6)
Asia and rest of world	(11.1)	(10.4)
Total	**(67.4)**	**(70.0)**

2.2.2. Sale of the Cognac de Luze brand

At the balance sheet date, Rémy Cointreau Group was negotiating the sale of the Cognac de Luze brand to a regional operator.

The income statement for Cognac de Luze was reclassified under "Net profit (loss) from discontinued operations" for the years ended 31 March 2006 and 31 March 2005. The reclassified amounts are as follows:

€ millions	2006	2005
Net sales	**5.0**	**5.4**
Gross profit	0.7	1.4
Distribution costs	(1.1)	(0.4)
Current operating profit	**(0.4)**	**1.0**
Income tax expense	0.1	(0.3)
Net profit	**(0.3)**	**0.7**

Balance sheet assets in the process of being sold (mainly inventories) have been reclassified under assets held for resale in the balance sheet as at 31 March 2006.

€ millions	2006	2005
ASSETS		
Inventories	3.8	3.0

The impact of the reclassification on segment reporting was as follows:

	Net sales		Current operating profit	
€ millions	2006	2005	2006	2005
Cognac	(5.0)	(5.4)	0.4	(1.0)
Total	**(5.0)**	**(5.4)**	**0.4**	**(1.0)**

	Net sales	
€ millions	2006	2005
Europe	(4.6)	(5.0)
Americas	(0.1)	(0.1)
Asia and rest of world	(0.3)	(0.3)
Total	**(5.0)**	**(5.4)**

3. Brands and other intangible assets

€ millions	Brands	Distribution rights	Other	Total
Cost at 31 March 2005	960.1	14.8	23.1	998.0
Additions	–	0.8	0.6	1.4
Disposals	–	–	(0.7)	(0.7)
Reclassified under assets held for resale	(208.5)	(5.4)	–	(213.9)
Changes in consolidation scope	(128.2)	–	(1.8)	(130.0)
Other	–	–	0.3	0.3
Translation adjustment	0.6	0.4	–	1.0
Cost at 31 March 2006	624.0	10.6	21.5	656.1
Accumulated depreciation and impairment at 31 March 2005	52.5	7.5	15.3	75.3
Charge for the year	0.1	0.1	1.9	2.1
Disposals	–	–	(0.6)	(0.6)
Reclassified under assets held for resale	(25.7)	–	–	(25.7)
Changes in consolidation scope	(23.5)	–	(1.3)	(24.8)
Translation adjustment	–	0.2	–	0.2
Accumulated depreciation and impairment at 31 March 2006	3.4	7.8	15.3	26.5
Net book value at 31 March 2005	907.6	7.3	7.8	922.7
Net book value at 31 March 2006	620.6	2.8	6.2	629.6

"Other" largely consists of software licenses and leasing rights.

Amounts disclosed under "Reclassified under assets held for resale" are explained in note **2.2.** "Changes in consolidation scope" relate to the sale of Bols Sp. z.o.o. (note **2.1**).

4. Property, plant and equipment

€ millions	Land	Buildings	Other	In progress	Total
Cost at 31 March 2005	**42.3**	**120.1**	**187.3**	**5.2**	**354.9**
Additions	0.1	0.4	7.5	11.6	19.6
Disposals	(0.8)	(9.7)	(30.4)	–	(40.9)
Changes in consolidation scope	(0.2)	(4.4)	(12.4)	(0.6)	(17.6)
Other	–	0.8	6.8	(7.7)	(0.1)
Translation adjustment	0.1	0.3	0.5	0.2	1.1
Cost at 31 March 2006	**41.5**	**107.5**	**159.3**	**8.7**	**317.0**
Accumulated depreciation and impairment at 31 March 2005	**1.1**	**44.3**	**113.9**	**–**	**159.3**
Charge for the year	0.5	3.1	8.9	–	12.5
Disposals	–	(3.2)	(27.1)	–	(30.3)
Changes in consolidation scope	–	(0.8)	(5.4)	–	(6.2)
Other	–	(0.4)	1.1	–	0.7
Translation adjustment	–	–	0.5	–	0.5
Accumulated depreciation and impairment at 31 March 2006	**1.6**	**43.0**	**91.9**	**–**	**136.5**
Net book value at 31 March 2005	**41.2**	**75.8**	**73.4**	**5.2**	**195.6**
Net book value at 31 March 2006	**39.9**	**64.5**	**67.4**	**8.7**	**180.5**

The net book value of disposed fixed assets amounts to €10.6 million comprising €8.5 million for the book value of the logistics platform at Angers that was sold to a third party during the last quarter of the year. The sale resulted in a capital gain of €2.2 million that was posted to “Other income from operations”.

The additions of €19.6 million mainly comprise industrial capital expenditure at the Group’s various production facilities in Cognac, Angers, Barbados and Reims. This amount includes subsidies received of €0.7 million.

“Changes in consolidation scope” with a net book value of €11.4 million relate to the sale of Bols Sp. z.o.o. (note **2.1**).

These fixed assets are free of any charges.

5. Investments in associates

Investments in associates represent equity interests in companies meeting the principle described in note **1.2**.

€ millions	Maxxium	Dynasty	Avandis	Total
At 31 March 2004	78.4	18.7	3.6	100.7
Dividends paid [1]	(3.2)	(4.6)	–	(7.8)
Profit for the year	2.3	5.1	–	7.4
Gain on dilution	–	13.7	–	13.7
Translation adjustment	0.4	(0.8)	–	(0.4)
At 31 March 2005	77.9	32.1	3.6	113.6

€ millions	Maxxium	Dynasty	Avandis	Total
At 31 March 2005	77.9	32.1	3.6	113.6
Dividends paid [1]	(3.4)	(3.9)	–	(7.3)
Profit for the year	4.4	4.1	–	8.5
Reclassified under assets held for sale	–	–	(3.6)	(3.6)
Acquisition	–	8.8	–	8.8
Other	–	0.2	–	0.2
Translation adjustment	0.3	3.1	–	3.4
At 31 March 2006	79.2	44.4	–	123.6

[1] For Maxxium, dividend deducted from Maxxium's share premium.

5.1. Maxxium

Maxxium B.V., a distribution joint venture, was founded on 1 August 1999 based on a strategic distribution agreement Rémy Cointreau S.A. signed with two other partners: The Edrington Group and Beam Global Spirits & Wines. Swedish-based Vin & Sprit, which owns the Vodka Absolut brand, joined the venture in May 2001. Since then, Rémy Cointreau has held a 25% equity stake in Maxxium B.V.

The joint venture consists of some 40 distribution companies and has its head office in Holland. It distributes the portfolio of Rémy Cointreau brands worldwide with the main exception of the US, the Caribbean, Poland and Hungary.

In July 2005, Fortune Brands, holding company of Beam Global Spirits & Wines, purchased a range of brands from Pernod Ricard that it had held since buying them from Allied Domecq. An amendment was made to the strategic distribution agreement in order to include the distribution of some of these brands within the joint venture, which is expected to lead to a 20% increase in Maxxium's total annual net sales.

Maxxium B.V.'s partners are both suppliers and shareholders to Maxxium B.V. Net sales earned by Rémy Cointreau with Maxxium's distribution companies or with customers managed by them account for 42.1% of total net sales for the year ended 31 March 2006 (2005: 42.7%).

On 1 July 2005 Maxxium changed its financial year end from 30 June to 31 March, leading to an interim period of nine months. The summary figures below relate to Rémy Cointreau's normal financial year ended 31 March.

Summary income statement

€ millions	2006	2005
Managed net sales [1]	1,675.2	1,462.6
of which invoiced	1,493.6	1,287.5
of which commissions	181.6	175.1
Current operating profit	28.6	18.4
Net profit	22.5	10.9

[1] Of which Rémy Cointreau products €568.3 million (2005: €520.3 million)

Breakdown of net sales by geographical region

€ millions	2006	2005
Europe	866.3	809.4
Americas	212.4	171.8
Asia and rest of world	596.5	481.4
Total	1,675.2	1,462.6

Summary balance sheet

€ millions	2006	2005
Fixed assets	298.2	284.8
Working capital	145.3	184.9
Net assets	443.5	469.7
Financed by:		
Net financial debt	126.9	169.8
Equity	316.6	299.9
Total	443.5	469.7

Workforce at the end of the period

	2006	2005
Total workforce	1,979	1,602

Rules for allocating Maxxium B.V.'s and its partners' profits are described under note **1.23**.

The financial impact of ongoing transactions between Maxxium B.V. and Rémy Cointreau are covered under note **25** regarding related parties.

5.2. Dynasty

Dynasty Group produces and sells various ranges of wines in the Chinese market where it enjoys a leading position. Its relationship with Rémy Cointreau dates from the founding of the joint venture with the municipality of Tianjin (Republic of China) in 1980.

During the year ended 31 March 2005, Rémy Cointreau's 33% stake in the Sino-French Joint venture Dynasty Winery Ltd was transformed into a 23.86% equity interest in Dynasty Fine Wines Limited, which was floated on the Hong Kong stock exchange. This transformation gave rise to a dilution gain of €13.7 million. At 31 March 2005, Rémy Cointreau held 297,000 shares.

In December 2005, Rémy Cointreau purchased 30,000 additional shares from a third party for €8.8 million representing a further equity interest of 2.41%. This transaction generated goodwill on acquisition of €5.5 million, which was posted to "Investments in associates".

At 31 March 2006, Rémy Cointreau held 327,000 Dynasty shares representing a 26.27% equity stake. The share price on the Hong Kong stock exchange on that date stood at HKD 3.25 (2005: HKD 3.25).

There are no commercial transactions between the Rémy Cointreau Group and Dynasty. The relationship is therefore primarily financial.

Dynasty's financial year end is 31 December. The key figures below have been taken from the Dynasty Group's financial statements after conversion into euros. The figures have been adjusted for Rémy Cointreau's financial year ended 31 March for purposes of the equity consolidation.

Summary income statement

€ millions	2005	2004
Net sales	103.6	76.0
Current operating profit	25.1	21.2
Net profit	19.6	15.7

Summary balance sheet

€ millions	2005	2004
Fixed assets	35.2	19.6
Working capital	27.5	7.2
Net assets	62.7	26.8
Financed by:		
Financial debt net of cash and equivalents	(83.4)	(20.2)
Equity	146.2	47.0
Total	62.7	26.8

5.3. Avandis CV

Avandis CV is a joint venture operating in the Netherlands in association with 2 local partners that produce Dutch liqueurs and spirits (principally the brands Bols, Bokma and other gins and the Pisang Ambon liqueurs). This 33.33% equity interest is included in the planned asset sale described in notes **2.2.1** and **21**. Consequently, it has been reclassified under assets held for resale.

6. Other investments

€ millions	2006	2005
Non-consolidated equity investments	5.3	5.3
CEDC shares	53.7	
Value of security on CEDC shares	7.2	
Advance payments for pension and retirement schemes	0.6	0.3
Loans to non-consolidated equity investments	1.2	1.1
Liquidity account excluding Rémy Cointreau shares	1.9	
Other	0.8	0.9
Total	70.7	7.6

The principal variation concerns the 1,691,419 CEDC shares received on the sale of its Polish business to CEDC. CEDC is listed on NASDAQ. In accordance with note **1.10 c**, the shares are valued at each balance sheet date at market price, which was $38.45 as of 31 March 2006, and the change in value since the acquisition date is posted to “Other financial income and expenses”.

Under the transaction agreement, Rémy Cointreau obtained guarantees regarding the share price in the event of a sale.

These guarantees, which are similar to put options, were valued as at the date of issuing the guarantee and are valued at each balance sheet date. Changes in value are also posted to “Other financial income and expenses”.

During the year ended 31 March 2006, Rémy Cointreau took out a liquidity account with a financial intermediary (see note **1.18**). This type of contract does not qualify as “Cash and cash equivalents”. Furthermore, the balance of the account corresponding to the value of the Rémy Cointreau shares held in conjunction with the contract is deducted from consolidated equity as treasury shares.

Non-consolidated equity investments are broken down as follows:

€ millions	% interest	2006	2005
Dettling & Marmot (Switzerland)	25.0%	1.0	1.0
Ducs de Gascogne S.A. (France)	30.1%	1.1	1.1
Tianjin Dvpt Holding Ltd (PRC)	0.2%	0.6	0.3
Caves Alliança S.A. (Portugal)	5.4%	1.1	1.3
Destilerias de Vilafranca S.A. (in liquidation)	100.0%	1.5	1.6
Total		5.3	5.3

7. Inventories

7.1. Breakdown by inventory category

€ millions	2006	2005
Goods for resale and finished products	95.4	96.5
Raw materials	69.3	84.5
Ageing wines and eaux-de-vie	679.3	655.9
Other	13.0	13.3
At cost	857.0	850.2
Provision for impairment	(4.6)	(4.3)
Net book value	852.4	845.9

7.2. Analysis of the change

€ millions	
31 March 2005	845.9
Change in inventory at cost	(34.7)
Impairment charge for the year	(0.6)
Changes in consolidation scope	(6.3)
Reclassified under assets held for resale	(8.4)
Adjustment for inventories of distillers at 1 April 2005 [1]	52.8
Translation adjustment	3.7
31 March 2006	852.4

*[1] Inventories held by distillers transferred to AFC and posted to inventory and trade payables with effect from 1 April 2005 (see note **1.22**).*

8. Trade and other receivables

€ millions	2006	2005
Trade receivables	183.6	181.7
Tax receivables (excluding income tax)	16.2	20.4
Sundry prepaid expenses	8.1	10.3
Other receivables	35.2	27.3
Total	243.1	239.7

The provision for doubtful receivables is a specific provision and is valued based on the bad debt risk. At 31 March 2006, this provision amounted to €3.2 million (2005: €6.8 million).

9. Derivative financial instruments

The Group makes use of derivative financial instruments as part of hedging exposure to currency and interest rate risks. The policy for managing market risks complies with prudent rules approved by the Board of Directors. Specifically, the sale of options is limited to tunnel strategies or to the resale of previously purchased instruments that are subject to approval on an individual basis.

All hedging transactions are contracted with top-tier international banks.

With regard to currency risks, the forward hedging horizons are limited to a rolling 12 to 18 month horizon and the hedging strategies, which are based on net commercial exposure according to the budget, are approved by the Board of Directors.

The Group does not hedge for currency risks arising from the translation into euros of financial statements of companies outside the euro zone.

The hedging policy covers short-term currency risks. It does not protect the Group against the economic effects of long-term money market trends on its margins.

9.1. Breakdown of financial instruments (interest rates and exchange rates)

The table below summarises the various "derivative financial instruments" accounts at 31 March 2005, 1 April 2005 and 31 March 2006 after adjusting for IAS 32/39.

€ millions	March 2006	1 April 2005	March 2005
ASSETS			
Derivatives on interest rates	2.9	0.2	–
Derivatives on exchange rates	4.0	10.1	8.9
Total	6.9	10.3	8.9
LIABILITIES			
Derivatives on interest rates	0.6	5.3	–
Derivatives on exchange rates	1.3	2.4	2.7
Total	1.9	7.7	2.7

The 31 March 2005 data above represent premiums paid or received. The other years' data represent the market value of the instruments.

9.2. Derivatives on interest rates

The instruments held in the portfolio at 31 March 2006 and 1 April 2005 concern interest rate hedges on the subordinated perpetual notes (TSDI) and the syndicated loan.

Instruments relating to the TSDI contracted in May 1996 are as follows:

	Currency	Nominal value (€ millions)	Rate received	Rate paid	Value at 31 march 2006	Value at 1 April 2005
Rémy Cointreau	EUR	131.11	Euribor 6M	Fixed	(0.7)	(6.3)
Rémy Cointreau	EUR	21.34	Euribor 6M	Fixed	(0.7)	(5.9)
Rémy Cointreau	EUR	108.73 to 118.53	Euribor 6M	Fixed	(1.0)	(9.1)
Rémy Cointreau	EUR	26.2 to 22.3	Fixed	Euribor 6M	0.1	1.0
FCC	EUR	131.11	Fixed	Euribor 6M	0.7	6.3
FCC	EUR	21.34	Fixed	Euribor 6M	1.0	9.1
Total					(0.6)	(4.9)

The interest rate swaps described above no longer qualify as hedges for the first-time application of IAS 39. Their value at 1 April 2005 was deducted from equity and their subsequent change in value of €4.3 million for the year ended 31 March 2006 is included within net financial expenses for the year.

Other derivative financial instruments on interest rates held in the portfolio at the balance sheet date were as follows:

	31 March 2006				1 April 2005			
€ millions	Nominal value	Qualified as hedge	Initial value	Market value	Nominal value	Qualified as hedge	Initial value	Market value
Portfolio of caps								
Maturing December 2005					180.0	yes	0.3	–
Maturing March 2006					150.0	yes	0.4	–
Maturing December 2006	120.0	no	0.3	–	120.0	yes	0.3	–
Maturing March 2007	325.0	no	0.7	0.7	275.0	yes	0.5	0.2
Maturing March 2008	200.0	yes	0.9	2.2				
Total	645.0	–	1.9	2.9	725.0		1.5	0.2
FRA 3 mois								
Maturing September 2005					120.0	yes	–	(0.1)
Maturing December 2005					80.0	yes	–	–
Maturing March 2006					50.0	yes	–	–
Maturing June 2006	30.0	no	–	–				
Sales of floors								
Maturing December 2005					–	yes	(0.1)	(0.3)
Total	30.0	–	–	–	250.0	–	(0.1)	(0.4)

9.3. Derivatives on exchange rates

The Group uses options to hedge commercial transactions. Commercial transactions for the year for which payment has not occured as at the balance sheet date are hedged by brokers' swaps.

Furthermore, Rémy Cointreau S.A., which manages treasury on behalf of the Group and its subsidiary Financière Rémy Cointreau, make intra-group loans or borrowings in the currency of the counterpart. The Group matches currency swaps to these foreign currency loans or borrowings exactly. All such transactions fall due in less than one year.

The following table summarises all currency hedging instruments in the portfolio at the balance sheet date. All these instruments mature in less than 12 months.

	March 2006				1 April 2005			
€ millions	Nominal value (1)	Qualified as hedge	Initial value	Market value	Nominal value (1)	Qualified as hedge	Initial value	Market value
Put options and option tunnels								
USD/EUR	240.0	YES	4.2	1.3	230.0	YES	2.7	7.0
AUD/EUR	10.0	YES	0.1	0.3	12.0	YES	0.1	0.1
CAD/EUR	16.0	YES	0.2	0.1	14.0	YES	0.2	0.0
CAD/EUR	4.0	NO	0.1	0.1				
GBP/EUR	12.0	YES	0.4	0.5	10.0	YES	0.3	0.2
JPY/EUR	1,600.0	YES	0.2	0.4	1,200.0	YES	0.2	0.4
Total	–		5.2	2.7	–		3.5	7.7

(1) *Expressed in millions of currency units.*

	March 2006			1 April 2005		
€ millions	Nominal value (1)	Qualified as hedge	Nominal value at guaranteed price	Nominal value (1)	Qualified as hedge	Nominal value at guaranteed price
Broker (sale) or purchase swaps on commercial transactions						
USD/EUR	(48.4)	NO	(40.1)	(45.8)	NO	(35.4)
AUD/EUR	(1.2)	NO	(0.7)	(3.3)	NO	(2.0)
CAD/EUR	0.8	NO	0.6	(0.9)	NO	(0.6)
JPY/EUR	(855.0)	NO	(6.1)	(546.3)	NO	(3.9)
GBP/EUR	(0.3)	NO	(0.4)	(1.2)	NO	(1.7)
CHF/EUR	–	–		0.1	–	0.1
NZD/EUR	(2.4)	NO	(2.0)	(1.2)	NO	(0.7)
HKD/USD	(2.0)	NO	(0.2)	(0.5)	NO	(0.1)
Total			(48.9)			(44.3)
Currency swaps - purchase (sale) on financing activities						
HKD/EUR	32.5	NO	3.5	106.5	NO	10.2
AUD/EUR	2.4	NO	1.5	2.4	NO	1.4
CHF/EUR	0.9	NO	0.6	1.0	NO	0.6
GBP/EUR	0.7	NO	1.0	0.3	NO	0.4
USD/EUR	(40.0)	NO	(33.2)	(35.3)	NO	(27.4)
Total	–		(26.6)	–		(14.8)

(1) *Expressed in millions of currency units.*

9.4. Equity Swap

On 31 October 2001, Rémy Cointreau S.A. entered into an equity swap contract with a financial institution covering 2,100,000 Rémy Cointreau shares. At 31 March 2006, there remained 210,000 shares under the contract (2005: 210,000 shares). Rémy Cointreau pays interest at variable rates in addition to any capital losses based on the reference share price of €20.52 and receives dividends on the shares (and other financial rights attached to the shares) as well as any capital gains based on the reference share price. The financial institution receives the full amount of any capital gain on the maturity date of the contract set at 8 November 2006.

A net interest charge of €0.1 million was recorded for the year under net financial expenses (2005: €0.1 million).

9.5. Other derivatives

Other derivatives in the portfolio at 31 March 2006 comprise the following:

• Two hedging derivatives received in conjunction with the sale of the Polish business to CEDC (note **21**) which are included under "Other investments" (note **6**);

• Call options on Rémy Cointreau shares covering 224,497 shares that have not been included in the balance sheet in accordance with IAS 39.

10. Cash and cash equivalents

€ millions	**2006**	**2005**
Marketable securities	10.8	26.4
Current accounts with associates	3.6	6.2
Cash at bank	17.2	21.0
Total	31.6	53.6

11. EQUITY

11.1. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of shares	Treasury shares	Total number of shares	Share capital	Share premium	Treasury shares
AT 1 APRIL 2004	**44,779,849**	**(509,985)**	**44,269,864**	**71.6**	**626.4**	**(10.5)**
EXERCISE OF STOCK OPTIONS	272,812	–	272,812	0.5	4.3	–
SALE WITH REPURCHASE OPTION	–	479,985	479,985	–	–	9.9
AT 31 MARCH 2005	**45,052,661**	**(30,000)**	**45,022,661**	**72.1**	**630.7**	**(0.6)**
EXERCISE OF STOCK OPTIONS	702,116	–	702,116	1.1	15.3	–
CONVERSION OF BONDS	30,032	–	30,032	–	0.6	–
CONVERSION OF OCEANE BONDS	2,262	–	2,262	–	0.1	–
SALE WITH REPURCHASE OPTION AND CANCELLATION OF SHARES PURCHASED	(280,927)	–	(280,927)	(0.4)	(7.2)	–
CHANGE IN LIQUIDITY ACCOUNT	–	5,300	5,300	–	–	(0.4)
NET CAPITAL GAIN ON LIQUIDITY ACCOUNT TRANSACTIONS	–	–	–	–	–	0.3
AT 31 MARCH 2006	**45,506,144**	**(24,700)**	**45,481,444**	**72.8**	**639.5**	**(0.7)**

11.1.1. Share capital and share premium

At 31 March 2006, the share capital consisted of 45,506,144 shares with a nominal value of €1.60 per share.

Between 1 April 2005 and 31 March 2006, 702,116 shares were issued in connection with the stock options granted to certain employees.

280,927 shares held under plan 10 were included in a sale with repurchase option in March 2005. Rémy Cointreau exercised the repurchase option in February 2006 and the corresponding shares were cancelled.

A convertible bond with a nominal value of €0.6 million matured during the year leading to the issue of 30,032 new shares with dividend entitlement as from 1 April 2005.

In March 2006, 2,262 OCEANE bonds (see note **12.3**) were converted into 2,262 shares.

11.1.2. Treasury shares

As part of its share buyback programme, Rémy Cointreau held 30,000 of its own shares at 31 March 2005. These shares were deducted from consolidated equity for €0.6 million.

In November 2005, these 30,000 shares were allocated to a liquidity contract managed by Rothschild & Cie Banque (see note **1.19**). At 31 March 2006, 24,700 shares are held in the liquidity account for a value of €1.0 million. These shares are deducted from equity. Post-tax gains earned on the shares by the manager of the liquidity account of €0.3 million were also posted to equity.

11.2. Number of shares used for the calculation of earnings per share

The principles for calculating earnings per share are specified under note **1.20**.

The following table shows the number of shares used to calculate basic and diluted earnings per share. The first column indicates the number of shares in issue at the end of the year.

	March 2005		
	Balance	Average	Diluted
Shares outstanding			
Brought forward:			
- Shares in issue	44,779,849	44,779,849	44,779,849
- Treasury shares	(632,430)	(632,430)	(632,430)
- Convertible bonds	–	30,032	30,032
Issued during the period:			
- Exercise of stock options	272,812	58,043	58,043
- Sale of treasury shares	602,430	11,553	11,553
Subtotal	**45,022,661**	**44,247,047**	**44,247,047**
Shares that could be issued in the future			
Exercise of stock options	–	–	416,132
Conversion of OCEANE bonds	–	–	6,833,691
Subtotal	–	–	**7,249,823**
Total	**45,022,661**	**44,247,047**	**51,496,870**

The Rémy Cointreau share price used as reference for calculating shares that could be issued in the future in connection with the exercise of options was €28.42.

	March 2006		
	Balance	Average	Diluted
Shares outstanding			
Brought forward:			
- Shares in issue	45,052,661	45,052,661	45,052,661
- Treasury shares	(30,000)	(30,000)	(30,000)
Issued during the period:			
- Exercise of stock options	702,116	296,878	296,878
- Convertible bonds	30,032	30,032	30,032
- Repurchase/cancellation	(280,927)	(34,635)	(34,635)
- Change in treasury shares	5,300	5,300	5,300
- Conversion of OCEANE bonds	2,262	50	50
Subtotal	**45,481,444**	**45,320,286**	**45,320,286**
Shares that could be issued in the future			
Exercise of stock options (1)	–	–	573,279
Conversion of OCEANE bonds (2)	–	–	–
Subtotal	–	–	**573,279**
Total	**45,481,444**	**45,320,286**	**45,893,565**

(1) The Rémy Cointreau share price used as reference for calculating shares that could be issued in the future in connection with the exercise of options was €37.44.

(2) The OCEANE bonds matured on 1 April 2006 and the deadline for conversion was 23 March 2006. Only 2,262 shares were converted.

11.3. Stock option plans and similar schemes

11.3.1. Stock option plans or share buy-backs

These plans were granted in conjunction with authorisations granted by the Extraordinary General Meetings held on 26 August 1998 (plans 6,7,8,9), 24 August 2000 (plans 10,11), 21 September 2001 (plan 11,12) and 7 September 2004 (plan 13).

Start date of plan	Plan no.	Term	Type	Number of options granted	Exercise price in euros	Lapsed options	Exercised options at 31 March 2005	Options exercised in the year	Outstanding options at 31 March 2006
28 October 1998	6	7 years	subscription	224,044	13.55	2,152	175,019	46,873	–
28 April 1999	7	10 years	subscription	289,300	12.20	4,700	183,164	48,320	53,116
7 December 1999	8	10 years	subscription	499,100	16.36	3,400	264,577	72,973	158,150
30 May 2000	9	10 years	subscription	131,280	18.85		34,065	27,500	69,715
1 March 2003	10	8 years	subscription	1,016,600	27.10	32,000	65,000	401,450	518,150
8 March 2006	11	6 years	subscription	659,500	25.00		8,500	105,000	546,000
16 September 2007	12	6 years	purchase	287,000	27.67	23,000	–	–	264,000
24 December 2008	13	6 years	purchase	262,000	28.07	30,000	–	–	232,000
Total				3,368,824		95,252	730,325	702,116	1,841,131

For all plans, one option corresponds to one share granted.

11.3.2. Bonus share issues

A bonus share scheme ("Plan 2005") covering 96,500 shares was decided by the Board of Directors on 11 October 2005 in accordance with the approval voted at the extraordinary shareholders' general meeting of 28 July 2005. The term of allocation of the rights is two years and the issue is subject to Group performance criteria as of 31 March 2007.

11.3.3. Calculation of the charge for the year

In accordance with IFRS 2, valuation of Plans 12 and 13 and Plan 2005 are based on assumptions and values as follows:

	Plan 12	Plan 13	Plan 2005 (2)
Volatility (1)	33%	28%	–
Dividend payout	3.6%	3.6%	–
Risk-free rate	4.2%	3.6%	–
Turnover rate	2.4%	3.4%	5.0%
Value per option (€)	9.11	8.00	33.00

(1) Assumptions based on historic data.

(2) Plan 2005 is a bonus share scheme whereby the valuation is based on the share price on the date of granting the option and on the estimated dividends paid during the term of acquisition of the rights, weighted according to the probability of meeting the criteria for the bonus issue to proceed.

The charge calculated is the value per stock option of the plans multiplied by the estimated number of options that will be exercised, amortised on a straight-line basis over the period of acquisition of the rights (4 years for Plans 12 and 13, 2 years for Plan 2005).

The charge amounted to €1.7 million (2005: €0.8 million) for the year ended 31 March 2006.

11.4. Dividends

In October 2005, Rémy Cointreau S.A. paid a dividend of €1.0 per share in respect of the year ended 31 March 2005 amounting to a total of €45.0 million.

The dividend that will be recommended to the shareholders' general meeting on 27 July 2006 in respect of the year ended 31 March 2006 is €1.10 per share amounting to a total of €50.1 million before the adjustment for treasury shares.

11.5. Minority interests

€ millions	2006	2005
Minority interests of Mount Gay Distilleries	0.7	0.5
Interest of Takirra Investment Corp. NV in Botapol Holding BV & Bols Sp.z.o.o		18.3
Other interests of Takirra Investment Corp. NV in subsidiaries	(3.9)	0.5
Other		0.1
Total	(3.2)	19.4

The minority interests in the Polish entities held by Takirra Investment Corp. NV were reversed following their sale to CEDC (see notes **2.1** and **21**). Under the transaction, provisions for outstanding litigation were set aside in the retained entities held as joint ventures with Takirra Investment Corp. NV.

12. Financial debt

12.1. Breakdown

The following table breaks down the financial debt as of 31 March 2005, 1 April 2005 after adjusting for IAS 32/39 and at 31 March 2006.

	March 2006			1 April 2005			March 2005		
	Long term	Short term	Total	Long term	Short term	Total	Long term	Short term	Total
TSDI or FCC units	–	11.9	11.9	34.0	–	34.0	28.3	–	28.3
OCEANE and other convertible bonds	–	331.6	331.6	316.8	–	316.8	325.6	–	325.6
Bonds	375.5	2.0	377.5	377.3	0.7	378.0	384.6	2.1	386.7
Confirmed and unconfirmed credit lines	–	1.3	1.3	–	0.7	0.7	–	0.7	0.7
Actuarial adjustments	(1.1)	(0.4)	(1.5)	–	(2.8)	(2.8)	–	–	–
Accrued interest	–	18.1	18.1	–	18.2	18.2	–	26.6	26.6
Total Rémy Cointreau S.A.	374.4	364.5	738.9	728.1	16.8	744.9	738.5	29.4	767.9
Finance leases	–	0.1	0.1	–	0.2	0.2	–	0.2	0.2
Other borrowings and overdrafts	1.8	13.3	15.1	7.9	11.4	19.3	7.9	11.4	19.3
Borrowings of ad hoc entities	–	49.0	49.0	–	129.0	129.0	–	129.0	129.0
Total subsidiaries	1.8	62.4	64.2	7.9	140.6	148.5	7.9	140.6	148.5
Financial debt	376.2	426.9	803.1	736.0	157.4	893.4	746.4	170.0	916.4

	March 2006			1 April 2005			March 2005		
	Long term	Short term	Total	Long term	Short term	Total	Long term	Short term	Total
Financial debt	376.2	426.9	803.1	736.0	157.4	893.4	746.4	170.0	916.4
Cash and cash equivalents	–	(31.6)	(31.6)	–	(53.6)	(53.6)	–	(53.6)	(53.6)
Net financial debt	376.2	395.3	771.5	736.0	103.8	839.8	746.4	116.4	862.8

12.2. TSDI

Rémy Cointreau issued €304.9 million in subordinated perpetual securities ("TSDI") on 16 May 1991. The annual interest rate applicable until 16 May 2006 is 6-month Euribor plus 1% The securities were repackaged at the time of their issue as part of an agreement with a third party. Under this agreement, the third party, through a separate agreement entered into with the subscribers to the securities, undertook to redeem the securities after 15 years and to waive the right to interest from the sixteenth year in exchange for an initial payment by the company of €82.9 million. Due to these clauses, the securities were recorded at the time of their issue as a liability in the balance sheet at their net amount of €222.0 million. In each year's financial statements, the €82.9 million is written down on an actuarial basis as a reduction to the debt together with a corresponding reduction in financial expenses.

In May 1996, these securities were restructured and sold at their current value to a Fonds Commun de Créance (debt securitisation fund – "FCC") which will receive the interest income until 15 May 2006. In conjunction with the restructuring, interest rate swaps were entered for both Rémy Cointreau and the FCC (see note **9**).

With effect from 1 April 2005, following the introduction of IAS 32/39, the FCC is consolidated as an ad-hoc entity such that the FCC's debt is posted as an item eliminating the corresponding balance of the securities.

€ millions	March 2006	1 April 2005	March 2005
Principal borrowed	304.9	304.9	304.9
Accumulated write-downs	(301.7)	(276.6)	(276.6)
Net balance	**3.2**	**28.3**	**28.3**
Reclassification of issue costs	–	(0.5)	–
Reciprocal elimination of FCC	(3.2)	(28.3)	–
FCC units	11.9	34.5	–
Total principal	**11.9**	**34.0**	**28.3**
Accrued interest (including swaps)	10.9	10.3	10.3
Reciprocal elimination of FCC (including swaps)	(9.1)	(8.7)	–
Accrued interest FCC	0.1	0.4	–
Total accrued interest	**1.9**	**2.0**	**10.3**

12.3. OCEANE

Following the authorisation granted by the Combined General Meeting of shareholders on 24 August 2000, the meeting of the Board of Directors of 13 December 2000 approved the issue of 6,896,551 bonds amounting to €300.0 million with the option to convert into and/or exchange for new and/or existing shares known as OCEANEs. Each bond has a par value of €43.50.

The bonds were issued at par and have a term of 5 years and 61 days with effect from 30 January 2001 attracting interest at 3.50% per year payable on 1 April each year. Redemption is scheduled to be made on 1 April 2006 at €48.53 per bond including a redemption premium of 11.56% of the par value, amounting to a total of €34.6 million.

Since the issue date, Rémy Cointreau has redeemed 62,837 OCEANEs and converted/exchanged 2,285 OCEANEs of which 2,262 OCEANEs during the period ended 31 March 2006.

For the first-time application of IAS 32/39, the OCEANEs were accounted for in two parts:
• €29.7 million was posted to equity representing €29.1 million net of issue costs;
• €316.2 million was posted to debt after discounting from the issue date until 1 April 2005.

€ millions	March 2006	1 April 2005	March 2005
Principal borrowed	297.2	297.3	297.3
Redemption premium	34.4	27.7	27.7
Net amount	331.6	325.0	325.0
Reclassification of equity portion	(29.1)	(29.1)	–
Reclassification of issue costs	0.0	(1.0)	–
Adjustment for discounting	29.1	21.3	–
Total principal (IFRS)	331.6	316.2	325.0
Accrued interest	10.4	10.4	10.4
Total accrued interest	10.4	10.4	10.4

12.4. Other convertible bonds

At 31 March 2005, 1,877 convertible bonds from a 1991 issue were outstanding amounting to debt of €0.6 million. These bonds matured on 21 March 2006 giving rise to the issue of 30,032 new shares (see note 11.1).

12.5. Non-convertible bonds

12.5.1. €175 million bond issued on 24 June 2003

This 7-year bond is redeemable at par at maturity and attracts interest at 6.5% payable every six months.

The bond is not secured.

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

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

12.5.2. €200 million bond issued on 15 January 2005

This 7-year bond is redeemable at par on maturity and attracts interest at 5.2% payable every six months.

This bond is not secured.

The funds raised will be used to refinance the OCEANE bonds maturing on 1 April 2006.

The issue carries a number of clauses for early redemption at the issuer's option as follows:
• Before 15 January 2008, in the event of a capital increase, whether for the general public or privately placed, redemption at 105.2% on a proportional basis of up to 35% of the total par value of the bonds issued,
• At any time before 15 January 2009, redemption at par plus a premium equal to the higher of the following two amounts:
(i) 1% of the principal amount redeemed
(ii) an amount equal to the difference between: the present value on the redemption date at 102.6% plus interest calculated over the period from the redemption date to 15 January 2009 and the principal amount of the bond. The discount rate used is the Bund interest rate on the redemption date plus 50 basis points,
• From 15 January 2009, under any circumstances, redemption of all or part of the bonds at 102.6% until 15 January 2010 excluded, at 101. 3% from 15 January 2010 to 15 January 2011 excluded and at par from 15 January 2011 onwards.
• The issue contract also provides every bondholder with the right to request redemption of the bonds held at 101% in the event of
(i) a "fundamental change" covering the possible sale or transfer of a substantial part of the assets of Rémy Cointreau, or
(ii) approval by the shareholders of a liquidation or voluntary winding-up plan of the issuer, or
(iii) Orpar and Récopart SA together holding less than one-third of the voting rights in the issuer or being unable to appoint the majority of the Board of Directors for two consecutive years,
• At any time at par, but in full, in the event of a material change in the tax regime applicable to the issuer subsequent to the issue date.

12.5.3. Other non-convertible bonds

In conjunction with the CLS Rémy Cointreau employee savings plan, Rémy Cointreau issued non-listed bonds with a 6% coupon on 1 July 2003. Total outstanding bonds known as "PEE Centaure" amounted to €9.6 million at 31 March 2006 of which €3.4 million short term (2005: €11.7 million of which €2.1 million short term).

12.6. Banking syndicate

At 31 March 2005, Rémy Cointreau held a €500 million syndicated loan signed on 10 June 2003 for a 5-year term. This contract was cancelled in May 2005 and replaced by a new loan on 11 May 2005. The new contract provides for a revolving facility of €500 million with a 5-year term. Amounts drawn attract interest at EURIBOR plus a margin fixed at the outset at 0.675% per year which may vary based on the following table according to the ratio "Average debt/EBITDA" (Ratio A).

Ratio A	Applicable margin
A > 4.25	0.875%
3.75 < A < 4.25	0.675%
3.25 < A < 3.75	0.525%
2.75 < A < 3.25	0.425%
A < 2.75	0.325%

The facility commission on the undrawn portion of the borrowing is 37.5% of the margin applicable if A > 3.75 and 35% if A < 3.75.

This facility is not subject to any security.

Under this contract, Rémy Cointreau undertakes to comply with the following financial ratios calculated at 30 September and 31 March every year:

Period	Ratio A
Date of signature to 30/09/2006	Ratio A < 4.50
from 01/10/2006 to 30/09/2007	Ratio A < 4.00
from 01/10/2007 to 30/09/2008	Ratio A < 3.75
from 01/10/2008 to maturity	Ratio A < 3.50

The definition of the indicators included in the calculation of Ratio A is given under note **1.16**. The amounts retained for the calculation each year are adjusted based on the contract terms.

At 31 March 2006, Ratio A amounted to 3.91.

12.7. Gross borrowings by interest rate type and currency

€ millions	2006	2005
Fixed rate	709.1	712.3
Variable rate	75.9	177.5
Accrued interest	18.1	26.6
Total	803.1	916.4

At 31 March 2005 and at 31 March 2006, the variable rate debt mainly comprises the subordinated perpetual securities ("TSDI"), borrowings of the ad-hoc entities (cooperatives) and bank overdrafts in the various Group companies. The instruments used to hedge interest rate fluctuations in the portfolio at the balance sheet date are described under note **9**.

€ millions	2006	2005
Euro	796.9	908.1
US Dollar	6.2	6.7
Polish Zloty		1.4
Other		0.2
Total	803.1	916.4

12.8. Maturity analysis

€ millions	
Prior to 31 March 2007	426.9
Prior to 31 March 2008	4.0
Prior to 31 March 2009	0.5
Prior to 31 March 2010	(1.8)
Prior to 31 March 2011	173.9
Thereafter	199.6
Total	803.1

The portion of borrowings due prior to 31 March 2007 includes OCEANE bonds of €331.6 million which mature on 1 April 2006. This repayment will be refinanced by confirmed lines of the syndicated loan described under note **12.6**. The total of these lines amounts to €500 million and they mature initially on 7 June 2010. No drawdowns were made on these lines as of 31 March 2006.

12.9. Confirmed credit lines not drawn

At 31 March 2006, the available amount of confirmed credit lines was €500 million (2005: €418.8 million).

12.10. Interest rate hedges and sensitivity

In view of the existing hedging instruments at 31 March 2006, a 1% increase in interest rates would incur a €0.4 million additional interest costs. A 1% fall in interest rates would reduce interest costs by €2.2 million.

13. Provisions for risks and charges

13.1. Change in provisions for risks and charges

€ millions	Restructuring	Early retirement plan	Other	Total
At 1 April 2005	22.2	3.2	18.1	43.5
Charge for the year	21.2	2.3	22.9	46.4
Paid during the year	(6.2)	(2.3)	(9.5)	(18.0)
Written back to income	(0.5)	–	–	(0.5)
Reclassified under "liabilities held for resale"	(12.8)	–	–	(12.8)
Translation adjustment	1.8	–	–	1.8
At 31 March 2006	25.7	3.2	31.5	60.4

13.2. Maturity

The provisions consist of probable expenditure which will fall due as follows:

€ millions	2006	2005
More than 12 months (or maturity unknown)	26.3	24.1
Less than 12 months	34.1	19.4
Total	60.4	43.5

14. Trade and other payables

€ millions	2006	2005
Trade payables – eaux-de-vie suppliers	69.3	12.5
Other trade payables	109.4	98.9
Customer advances	0.2	0.8
Tax payables (excluding income tax)	35.7	41.9
Excise tax	1.1	16.3
Payables for advertising and promotion charges	29.8	31.5
Miscellaneous deferred income	4.9	3.4
Other liabilities	50.1	38.9
Total	300.4	244.1

15. Segment reporting

Segment information is stated based on the principles specified under note **1.17**.

15.1. Activities

Brands are boken down into 4 activities comprising the principal products and brands as follows:

Cognac	Rémy Martin
Liqueurs and spirits	Cointreau, Passoa, Metaxa, Saint Rémy, Mount Gay
Champagne	Piper-Heidsieck, Charles Heidsieck
Partner brands	Non-Group brands and those not fully produced by the Group, which are marketed by the Group's own distribution network principally consist of Highland Distillers Scotch whisky, Antinori wines and US-based Piper Sonoma

15.1.1. Breakdown of net sales and current operating profit

€ million	Net sales		Current operating profit	
	2006	2005	2006	2005
Cognac	322.6	312.3	76.3	68.0
Liqueurs and spirits	219.9	210.0	51.9	46.9
Champagne	122.2	116.4	9.7	8.3
Partner brands	133.6	109.6	3.9	4.2
Total	798.3	748.3	141.8	127.4

There are no intra-segment sales.

15.1.2. Breakdown of capital employed

AT 31 MARCH 2006

€ millions	Net intangible assets	Net tangible assets	Other net operating assets
Cognac	239.4	56.8	421.4
Liqueurs and spirits	250.1	45.9	(10.8)
Champagne	140.0	77.0	155.2
Partner brands	0.1	0.8	58.2
Total	629.6	180.5	624.0

Breakdown of "Other net operating assets":

€ millions	2006
Deferred tax assets	12.3
Inventories	852.4
Trade and other receivables	243.1
Income tax receivables	11.0
Deferred tax liabilities [1]	(170.8)
Trade and other payables	(300.4)
Income tax payable	(23.6)
Total	624.0

[1] Including deferred tax on intangible assets of the business activities (Cognac €81.4 million, Liqueurs and spirits €39.7 million, Champagne €46.5 million).

AT 31 MARCH 2005

€ millions	Net intangible assets	Net tangible assets	Other net operating assets
Cognac	239.9	56.7	431.5
Liqueurs and spirits	249.2	46.3	5.7
Champagne	140.1	79.7	166.7
Partner brands	0.1	1.6	37.5
Total	629.3	184.3	641.4
Impact of discontinued operations	293.4	11.3	(65.4)
Total	922.7	195.6	576.0

Breakdown of "Other net operating assets":

€ millions	2005
Deferred tax assets	13.0
Inventories	845.9
Trade and other receivables	239.7
Income tax receivables	6.9
Deferred tax liabilities [1]	(282.4)
Trade and other payables	(244.1)
Income tax payable	(3.0)
Total	576.0

[1] Including deferred tax on intangible assets of the business activities (Cognac €82.5 million, Liqueurs and spirits €39.0 million, Champagne €47.2 million).

15.1.3. Return on capital employed

Return on capital employed is calculated based on the following:

- Current operating profit per activity (see note **15.1.1**);
- Capital employed excluding intangible assets (see note **15.1.2**).

Current operating profit and capital employed are determined per business segment based on management accounts. Profits and capital employed for the distribution business and holding company are allocated on a pro-rata basis according to net sales and inventories.

AT 31 MARCH 2006

€ millions	Capital employed (excl. intangibles and related deferred taxes)	Current operating profit	%
Cognac	559.6	76.3	13.6%
Liqueurs and spirits	74.8	51.9	69.4%
Champagne	278.7	9.7	3.5%
Partner brands	59.0	3.9	6.6%
Total	972.1	141.8	14.6%

At 31 March 2006, after taking account of the book value of the brands, other intangible assets and related deferred tax liabilities (see notes **3** and **15.1.2**), the return on capital employed amounts to 10.6% for Cognac, 18.2% for Liqueurs and Spirits, 2.6% for Champagne and 6.6% for Partner brands.

AT 31 MARCH 2005

€ millions	Capital employed (excl. intangibles and related deferred taxes)	Current operating profit	%
Cognac	570.7	68.0	11.9%
Liqueurs and spirits	91.0	46.9	51.5%
Champagne	293.6	8.3	2.8%
Partner brands	39.1	4.2	10.7%
Total	994.4	127.4	12.8%

At 31 March 2005, after taking account of the book value of the brands, other intangible assets and related deferred tax liabilities (see notes **3** and **15.1.2**), the return on capital employed amounts to 9.3% for Cognac, 15.6% for Liqueurs and Spirits, 2.1% for Champagne and 10.7% for Partner brands.

15.1.4. Capital expenditure and depreciation charges

€ millions	Capex for property, plant and equipment and intangibles 2006	2005	Depreciation on property, plant and equipment and intangibles 2006	2005
Cognac	11.1	8.2	5.2	6.5
Liqueurs and spirits	6.6	11.4	5.0	5.7
Champagne	2.5	3.5	4.1	3.5
Partner brands	0.8	1.1	0.3	0.4
Total	21.0	24.2	14.6	16.1

15.2. Geographical regions

15.2.1. Breakdown of net sales

€ millions	Net sales 2006	2005
Europe	299.1	299.5
Americas	374.3	325.9
Asia and rest of world	124.9	122.9
Total	798.3	748.3

Net sales are broken down according to region of destination of the goods sold.

15.2.2. Breakdown of capital employed

AT 31 MARCH 2006

€ millions	Net intangible assets	Net tangible assets	Other net operating assets
Europe	616.7	168.1	506.5
Americas	12.9	12.4	118.1
Asia and rest of world	–	–	(0.6)
Total	629.6	180.5	624.0

AT 31 MARCH 2005

€ millions	Net intangible assets	Net tangible assets	Other net operating assets
Europe	618.2	175.4	546.5
Americas	11.1	8.9	95.3
Asia and rest of world	–	–	(0.4)
Total business activities	629.3	184.3	641.4
Impact of discontinued operations [1]	293.4	11.3	(65.4)
Total book value	922.7	195.6	576.0

[1] *Concerns the Europe region.*

16. ANALYSIS OF OPERATING EXPENSES BY NATURE

€ millions	2006	2005
Personnel costs	(107.4)	(109.3)
Advertising and promotion expenses	(131.6)	(131.2)
Depreciation and impairment on fixed assets	(14.6)	(16.1)
Other costs	(81.2)	(82.6)
Costs allocated to inventories and production cost	57.1	55.1
Total	**(277.7)**	**(284.1)**
Of which:		
Distribution costs	(197.5)	(199.2)
Administrative expenses	(80.2)	(84.9)
Total	**(277.7)**	**(284.1)**

Distribution costs comprise marketing and advertising expenses, commissions payable and receivable, brand royalties, ordinary allowances in respect of inventories and trade receivables and the overheads of the distribution companies. Administrative expenses comprise the overheads of the holding companies and production companies.

Other income corresponds to the profit generated by activities peripheral to the sale of Cognac, Liqueurs and Spirits, Champagne and Partner brands.

Personnel costs consist of the following:

€ millions	2006	2005
Wages, salaries and social security	(101.9)	(106.3)
Pensions and other retirement benefits	(1.5)	(1.5)
Employee profit sharing	(2.3)	(0.7)
Share-based payments	(1.7)	(0.8)
Total	**(107.4)**	**(109.3)**

17. NUMBER OF EMPLOYEES

Employees are stated in terms of full time equivalents at the balance sheet date and cover all fully consolidated companies.

(Full time equivalents)	2006	2005
France	928	980
Europe (exc. France)	102	531
Americas	312	329
Asia and rest of world	4	4
Total	**1,346**	**1,844**

18. OTHER OPERATING INCOME (EXPENSES)

€ millions	2006	2005
Capital gain on sale of assets	–	1.5
Restructuring, cost of closure or transfer of facilities	(18.2)	(2.3)
Gain on dilution of Dynasty, net of costs (see note 5.2)	–	13.1
Total	**(18.2)**	**12.3**

The net 2006 charge mainly relates to a reorganisation plan for the Group's principal subsidiary, CLS Rémy Cointreau, which as submitted to staff representatives on 22 March 2006, for which the final terms and conditions were under negotiation as of the balance sheet date. This plan includes 126 job cuts while favouring voluntary redundancy via an early retirement scheme financed by the company.

19. Net financial expenses

19.1. Finance costs

In comparing finance costs, it should be remembered that IAS 32/39 was first applied on 1 April 2005.

€ millions	2006	2005
Cost of borrowings, excl. TSDI, at nominal value	(41.4)	(38.7)
Deferred amortisation of issuing costs	(6.0)	(3.4)
Redemption premium on OCEANE bonds	(6.6)	(6.7)
Interest rate hedges, excl. TSDI	(1.3)	(1.6)
Total cost of TSDI	(3.5)	(4.5)
Total before IAS 32/39	**(58.8)**	**(54.9)**
Impact of applying the actual interest rate method	(7.8)	
Impact of consolidating the FCC holding the TSDI	2.5	
Impact of IAS 32/39 on interest rate hedges	0.2	
Total impact of IAS 32/39	**(5.1)**	
Finance costs	**(63.9)**	**(54.9)**

The deferred amortisation of issuing costs charge for the year ended 31 March 2006 includes €2.8 million for the early termination of the banking syndicate in May 2005, which was contracted in June 2003 for a term of 5 years. A new banking syndicate was negotiated as specified under note **12.6**.

Financial debt is described under note **12**.

The impact of the adoption of IAS 32/39 at 1 April 2005 is described under note **28**.

In view of the average net borrowings of €798.6 million for the year ended 31 March 2006, the average interest rate amounts to 8.0%. This rate takes account of the impact of IAS 32/39 on borrowings and finance costs (in particular OCEANE bonds).

19.2. Other financial income and expenses

€ millions	2006	2005
Change in fair value of equity investments	0.2	
Currency (losses) and gains	(0.8)	(1.1)
Other financial income and expenses	1.4	0.7
Other financial income and expenses	**0.8**	**(0.4)**

The change in fair value of equity investments consists of the change in value of the CEDC shares received on the sale of Bols Sp.z.o.o and the change in value of the put options contracted in relation to this transaction (see note **2**).

Currency losses and gains from operations are posted within gross profit based on procedures described in note **1.4**.

20. Income tax

20.1. Income tax expense

€ millions	2006	2005
Current tax income (expense)	(43.0)	(22.3)
Deferred tax income (expense)	29.3	(1.5)
Income tax expense	**(13.7)**	**(23.8)**
Effective tax rate	22.7%	29.3%

For the year ended 31 March 2006, current tax includes provision charges in respect of the tax audits in progress. Deferred tax includes a release of part of the tax provision set aside on the TSDI.

20.2. Tax regime

Rémy Cointreau has opted for the Group tax regime for certain subsidiaries, in which it holds an equity interest of at least 95%. This regime entitles the Group to offset tax charges of companies with taxable income against losses incurred by other subsidiaries within certain limits. The resulting tax saving is recognised in the year when it arises.

20.3. Analysis and source of deferred tax

€ millions	2006	2005
Breakdown by nature		
Retirement provisions	6.9	8.1
Regulated provisions	(22.1)	(33.4)
Other provisions	13.8	6.0
Brands	(167.6)	(254.6)
Fixed assets	(17.0)	(22.2)
Margins on intra-group inventories	8.7	7.0
OCEANE redemption premium	11.8	9.7
Other timing differences	7.0	10.0
Net deferred assets (liabilities)	**(158.5)**	**(269.4)**
Breakdown by tax group		
Tax group France	(134.4)	(167.0)
Tax group USA	0.0	(0.6)
Tax group Netherlands	(33.9)	(111.8)
Other	9.8	10.0
Net deferred assets (liabilities)	**(158.5)**	**(269.4)**
Deferred tax assets	12.3	13.0
Deferred tax liabilities	(170.8)	(282.4)
Net deferred assets (liabilities)	**(158.5)**	**(269.4)**

20.4. Unrelieved tax losses and capital losses carried forward

At 31 March 2006, the potential tax saving from the use of unrelieved tax losses carried forward amounts to €1.5 million (2005: €1.5 million). No deferred tax assets were recognised in respect of this amount.

20.5. Tax reconciliation

The 2006 income tax charge amounted to €13.7 million. The difference between the actual charge and the theoretical tax charge based on the French statutory rate of 34.4 % is analysed as follows:

€ millions	2006	2005
Theoretical tax charge	(20.8)	(28.4)
Actual tax charge	(13.7)	(23.8)
Difference	**7.1**	**4.6**
Permanent differences between consolidated profit and taxable income	(1.4)	3.9
Impact related to TSDI [1]	22.1	0.0
Use of tax losses or timing differences previously not recognised	0.8	0.5
Unrecognised tax losses for the year	(0.2)	(0.1)
Difference in tax rates for foreign subsidiaries	0.1	5.4
Adjustment to the tax charge of prior years	(14.3)	(5.1)
Total	**7.1**	**4.6**

[1] Pursuant to recommendations of the French tax authorities, Rémy Cointreau set aside a regulated provision on which the charge for the year amounted to €17.3 million corresponding to the potentially taxable capitalised future interest differential on TSDI.

In accordance with Article 23 of the French Finance Act 2006, codified into Article 238 bis-01 bis of the French general tax code, which stipulates that only the last three years preceding the maturity date of the TSDI are taxable, the company released the previous provision of €64.1 million. This provision adjustment led to a material one-time reduction in the Group's effective tax rate.

21. Net profit (loss) from discontinued operations

Businesses sold during the year or in the process of being sold at 31 March 2006 are as follows:

Transaction	Triggering event
Polish activities	Sale completed on 17 August 2005
Italian liqueurs, Dutch liqueurs and spirits	Sale contract with outstanding conditions signed on 10 March 2006
Cognac de Luze	Heads of agreement dated 18 November 2005

In accordance with the principle explained under note **1.21**, earnings for the year and the gain or loss on sale of the transactions are disclosed under "Net profit (loss) from discontinued operations".

€ millions	2006	2005
Polish activities		
Bols Sp. z.o.o. net profit for the year	0.5	10.8
Net loss for the year (other entities)		(11.5) (1)
Gain on sale	16.8	
Italian liqueurs, Dutch liqueurs and spirits		
Net profit/ (loss) for the year	6.5 (2)	(9.3) (3)
Expense on sale	(5.0)	
Cognac de Luze		
Net profit/ (loss) for the year	(0.2)	0.4
Total	**18.6**	**(9.6)**

(1) Of which post-tax impairment charge to brands of €12.3 million.

(2) Of which post-tax expense of outsourcing the pension fund of €5.4 million.

(3) Of which post-tax impairment charge to brands of €11.2 million.

21.1. Polish activities

On 17 August 2005, Rémy Cointreau finalised the sale of its shareholding in the Bols Sp.z.o.o. production and distribution joint venture to Central European Distribution Corporation (CEDC).

This transaction was accomplished by Botapol Management BV selling its shareholding in Botapol Holding, the holding company of Bols Sp.z.o.o and Hillcroft Sp.z.o.o. In the consolidated financial statements, this transaction resulted in the derecognition of part of the value ascribed to the Bols brand and the reversal of the related deferred tax.

The sales consideration was settled in cash for $78.7 million and the balance in CEDC shares. On 17 August 2005, Botapol Management BV received 1,691,419 shares in CEDC representing 8.3% of the latter's capital. These shares were recognised initially on the balance sheet of Rémy Cointreau at a price of $38.19 per share. These shares are reported on the line "Other investments" and are revalued at the end of each reporting period under the fair value option through profit or loss. These shares are the object of a lockup clause until 17 August 2006.

In connection with this transaction, Rémy Cointreau enjoys two guarantees concerning the performance of the CEDC shares.

Under the first guarantee, compensation in cash is to be paid if the CEDC share price is less than $32.60 during the four weeks preceding the first anniversary of the transaction, i.e. from 17 July to 17 August 2006.

The second guarantee concerns the performance of the CEDC share through 7 January 2007. Subject to certain conditions, compensation in cash will be paid if the CEDC share fails to achieve a minimum performance.

Corresponding financial instruments have been accounted for at fair value through profit or loss and are recorded on the line “Other investments”.

Net of taxes, the capital gain on sale totalled €16.8 million (€20.7 million for the Group’s share after allocating charges attributable to minority interests).

At 31 March 2006, the market price of CEDC shares was $38.45.

21.2. Sale of a range of brands of Italian liqueurs, Dutch liqueurs and spirits

21.2.1. Situation at the balance sheet date

In March 2006, Rémy Cointreau signed an agreement subject to outstanding conditions with an investment fund to sell a range of brands consisting mainly of the Italian Galliano and Vaccari liqueurs, Bols liqueurs, the Bols, Bokma and Hartevelt gins and other Dutch liqueurs.

Since this agreement is subject to approval by the anti-trust authorities of four countries, the sale will be completed during the year ended 31 March 2007, after the outstanding conditions have been met.

However, Rémy Cointreau recorded a net charge of €5.0 million in respect of irrevocable expenses incurred under this transaction in the accounts for the year ended 31 March 2006.

21.2.2. Developments since the balance sheet date

Since the outstanding conditions were met, the sale transaction was completed on 11 April 2006.

The sales price comprised €158.5 million in cash and a loan to the buyer for a principal amount of €50.0 million. This loan attracts interest and includes a clause entitling the buyer to repay the loan early, which would impact the amount to be repaid.

The total capital gain on sale is estimated at €25.0 million after deducting the €5.0 million expense recorded in the accounts for the year ended 31 March 2006.

21.3. Cognac de Luze

Heads of Agreement were signed in November 2005. It is planned to complete the sale prior to Summer 2006.

22. Change in working capital

€ millions	2006	2005
(Increase) decrease in inventories	27.7	32.1
(Increase) decrease in trade receivables	(25.5)	3.2
Increase (reduction) in trade payables	1.0	(20.7)
Net change in other operating receivables and payables	(5.3)	10.0
Change in working capital	(2.1)	24.6

23. Provisions for retirement

23.1. Defined benefit pension commitments

€ millions	2006	2005
Actuarial liability brought forward	(134.6)	(123.6)
Normal expense	(1.9)	(2.1)
Interest on current liability	(5.9)	(6.0)
Changes to pension benefits	0.7	0.0
Reductions in pension benefits	0.0	1.3
Pensions paid	6.5	6.4
Actuarial gains and (losses)	(5.4)	(11.4)
Cost of prior year services	1.5	
Closure of pension scheme (1)	110.2	
Other (including transfers)	0.6	1.1
Actuarial liability carried forward	(28.3)	(134.4)
Value of dedicated assets brought forward	106.4	99.6
Yield	6.3	5.9
Contributions received	3.3	3.5
Changes to pension benefits	0.0	(0.5)
Reductions in pension benefits	0.0	0.0
Pensions paid	(5.9)	(5.9)
Actuarial gains and (losses)	5.9	3.7
Closure of pension scheme (1)	(111.2)	
Value of dedicated assets carried forward	4.8	106.3
Dedicated assets for the liability	(23.5)	(28.1)
Cost of past services not incurred (income) / expense	(0.3)	1.3
Other	0.0	0.0
Retirement obligations	(23.8)	(26.8)
Liabilities	(24.5)	(27.1)
Assets	0.6	0.3

(1) At the end of March 2006, the Group transferred the pension commitments of Bols in the Netherlands to an insurance company. The balance on the transfer amounted to €10.5 million. The previous provisions were written back.

23.2. Cost for the year

€ millions	2006	2005
Normal expense	2.1	2.3
Interest on current liability	5.7	5.9
Forecast yield on investments	(6.3)	(5.9)
Depreciation of other items not arising	0.3	0.6
Impact of reductions in benefits	(1.3)	(1.1)
Expense for the year	0.5	1.7
Pensions paid	(0.7)	(0.2)
Net expense for the year	(0.1)	1.5
Actuarial assumptions		
Average discount rate	3.9%	4.5%
Average salary increase	2.8%	2.9%
Average period of working service	8 to 13 years	6 to 10 years
Forecast yield on investments	4.5%	5.7%
Inflation of medical costs	5.2%	5.2%

23.3. Actuarial gains and losses

€ millions	2006	2005
Movements for the year	0.6	(7.3)
Of which differences between actual vs. forecast	0.7	0.0

23.4. Breakdown of present value of benefits by type of scheme

€ millions	2006	2005
End of career bonus	(6.8)	(7.6)
Additional pension	(15.2)	(120.7)
Long-service medals	(0.7)	(0.6)
Pensioners' medical costs	(5.6)	(5.4)
Total	(28.3)	(134.4)

23.5. Analysis of dedicated investments

At 31 March 2006, the assets underlying the liability are held by the insurance companies which invest them together with their global investments.

24. Off-balance sheet and contingent liabilities

Commitments in respect of retirement benefits and certain purchase commitments of eaux-de-vie are no longer treated as off-balance sheet commitments but are accrued in the financial statements following the introduction of IFRS accounting policies.

24.1. Purchase and lease commitments

€ millions	2006	2005
Purchase commitments on fixed assets	5.0	0.5
Office leasing commitment	19.9	8.4
Equipment leasing commitments	1.5	2.3
Purchase commitments on brandies	17.5	57.3
Purchase commitments on wines (champagne)	14.6	13.1

Office leasing commitments include a 6 year contract signed on 1st December 2004 for the Group headquarters in Paris and a 10 year contract signed on 1st April 2005 for the main office of the US branch of Remy Cointreau in New York City.

The eaux-de-vie purchase commitments relate to three year contracts with distillers. These commitments are valued based on prices known at the balance sheet date.

The wine purchase commitments in the champagne business concern fixed purchases from champagne growers.

Breakdown by maturity for commitments outstandings as at 31 March 2006:

€ millions	Total	2007	Thereafter
Purchase commitments on fixed assets	5.0	4.2	0.8
Office leasing commitment	19.9	3.0	16.9
Equipment leasing commitments	1.5	0.8	0.7
Purchase commitments on brandies	17.5	17.5	–
Purchase commitments on wines (champagne)	14.6	–	14.6

24.2. Deposits and other similar guarantees

€ millions	2006	2005
Tax guarantees	10.3	10.5
Agricultural warrants (AFC)	42.5	97.8
Maxxium financing guarantees (25%)	27.0	34.7
Avandis financing guarantees (33,33%)	4.4	7.6
Miscellaneous guarantees on credit lines	2.5	1.0

Tax guarantees are bank guarantees made to the tax authorities to underwrite disputed tax assessments following requests for deferral of payment.

Rémy Cointreau S.A. has guaranteed 25% of the bank debt of Maxxium BV as have the three other partners. The maximum amount of the guarantee is €62.5 million.

Erven Lucas Bols NV has guaranteed 33.33% of the bank debt of Avandis as have the two other partners.

Breakdown by maturity for commitments outstanding as at 31 March 2006:

€ millions	Total	2007	Thereafter
Tax guarantees	10.3	10.3	–
Agricultural warrants (AFC)	42.5	42.5	–
Maxxium financing guarantees (25%)	27.0	–	27.0
Avandis financing guarantees (33,33%)	4.4	4.4	–
Miscellaneous guarantees on credit lines	2.5	2.5	–

24.3. Commitments relating to asset sales

In conjunction with the sales of businesses, guarantees in respect of future liabilities are generally granted to the buyers for defined periods and amounts in the contracts. Liabilities for customs dues or social security that could arise following audits covering periods prior to the sale are generally included until such liabilities lapse under the statute of limitations.

The guarantees granted that have not lapsed at 31 March 2006 are as follows:

Sale transaction *€ millions*	Transaction date	Nature of unlapsed guarantee	Maturity	Maximum amount
Botapol Holding BV (mother company of Bols Sp.z.o.o)	17 August 2005	Tax liabilities Other liabilities Total of all guarantees	17/10/10 17/02/07	26.9
Blue Pyrenees Estate Ltd (Australia)	1 October 2003	Tax liabilities Total of all guarantees	31/10/06	10.0
Wine business (ORB) (Netherlands)	17 April 2003	Product tax, tax and social security liabilities Total of all guarantees	17/10/08	1.5
RMSJ/SMCS (France)	11 July 2003	Tax liabilities, customs or social security liabilities	31/10/08	none

In conjunction with the sale of its Polish activities, Rémy Cointreau Group obtained guarantees relating to the value of CEDC shares on certain dates. These guarantees are described under note **21**.

25. Related parties

25.1. Relations with related companies

The principal companies related to the Rémy Cointreau Group are Dynasty Fine Wines Group Ltd, the Maxxium BV joint venture and Avandis CV.

The Group does not conduct any commercial business with Dynasty.

Business with the Maxxium BV joint venture is conducted in conjunction with the agreement described under notes **1.23** and **5.1**. This mainly covers product sales to the various distribution companies held by Maxxium BV worldwide. The key figures for the year ended 31 March 2006 are as follows:

€ millions	2006
Sales to Maxxium	336.3
Customer account balance	52.2

Rémy Cointreau also guarantees 25% of Maxxium BV's borrowings (see note **24.1**).

Business with Avandis CV is described in note **5.3** and the figures involved are as follows:

€ millions	2006
Product purchases from Avandis CV	28.0
Supplier account balance	1.0

Rémy Cointreau also guarantees 33% of Avandis CV's borrowings (see note **24.1**).

25.2. Relations with Orpar

Orpar, Rémy Cointreau's main shareholder, provides assistance to Rémy Cointreau in terms of company management and grants current account advances.

The amounts involved for the year ended 31 March 2006 are as follows:

€ millions	2006
Services invoiced by Orpar	2.7
Current account balance	1.0
Supplier account balance	0.2

25.3. Relations with the companies with a common shareholder or director

Orpar is also the largest shareholders of Oeneo group, which is listed on Euronext Paris and is a market leader in the cooperage and corking business, where various subsidiaries of the Oeneo group are suppliers to Rémy Cointreau.

The amounts involved for the year ended 31 March 2006 are as follows:

€ millions	2006
Purchases	3.0
Supplier account balance	0.4
Purchase commitment (2006/2007)	4.5

Antarès, a company controlled by a Rémy Cointreau S.A., performed a consulting and support assignment for Rémy Cointreau relating to the sale of a portfolio of liqueurs and spirits brands described in notes **2.2.1** and **21**.

25.4. Management bodies

The company's management bodies comprise:
• Since 7 September 2004, members of the Board of Directors and the executive committee (6 members at 31 March 2006),
• Prior to this date, the members of the Supervisory Board and the Management Board.

€ millions	2006	2005
Short-term benefits	3.2	2.9
Post-retirement benefits	0.5	0.1
Stock options and similar expenses	1.0	0.4
Severance indemnities	–	2.3
Total	4.7	5.7

Short-term benefits include fixed and variable remuneration and directors' fees.

26. Post-balance sheet date events

• The final agreement for the sale of a range of liqueurs and spirits brands was signed on 11 April 2006 (see note **21.2**).

• In May 2006 Rémy Cointreau extended the maturity on €466 million of its syndicated loan by a year. The final repayment date is now fixed for 7 June 2011 in respect of €466 million and the balance at 7 June 2010 in respect of €34 million. This extension was granted with no commission.

• At the balance sheet date Rémy Cointreau is negotiating with a company interested in purchasing Rémy Cointreau's business in Hungary. This business generated net sales of some €20 million in the 2006 financial year.

27. List of consolidated companies

At 31 March 2006, the consolidation covered 56 companies (62 at 31 March 2005). 53 companies were fully consolidated and 3 under the equity method. These companies close their accounts on 31 March with the exception of Dynasty Fine Wines Group Ltd which closes its accounts on 31 December.

Companies	Activity	% interest March 2006	% interest March 2005
Europe			
France			
Rémy Cointreau SA (1)	Holding / Finance	100.00	100.00
Gie Rémy Cointreau Sces	Holding / Finance	95.00	95.00
Rémy Cointreau Sces (1)	Holding / Finance	100.00	100.00
Financière Rémy Cointreau (1)	Holding / Finance	100.00	100.00
RC One (1)	Logistics	100.00	100.00
CLS Rémy Cointreau SA (1)	Production	100.00	100.00
SNE des Domaines Rémy Martin (1)	Other	100.00	100.00
E. Rémy Martin & Cie (1)	Production	100.00	100.00
Cognacs de Luze	Production	100.00	100.00
Storeco (1) (7)	Production	–	100.00
Seguin & Cie (1)	Production	100.00	100.00
Cointreau (1)	Production	100.00	100.00
Izarra (1)	Production	100.00	100.00
SAP (1)	Production	100.00	100.00
Champ.P&C Heidsieck SA (1)	Production	99.98	99.98
Champ. F.Bonnet P&F (1)	Production	100.00	99.98
Piper Heidsieck C.C. (1)	Production	100.00	100.00
G.V. de l'Aube (1)	Production	100.00	100.00
G.V. de la Marne SA (1)	Production	99.95	99.95
Fournier & Cie - Safec (1)	Production	100.00	100.00
Alliance Fine Champagne (2)	Cooperative	100.00	100.00
Netherlands			
Maxxium International BV (3)	Distribution	25.00	25.00
Erven Lucas Bols NV	Holding / Finance	100.00	100.00
Distilleerderijen Erven Lucas Bols BV	Holding / Finance	100.00	100.00
Gedistilleerd en Wijn Groep Nederland BVAutre	Other	100.00	100.00
Bols Distilleries BV	Distribution	100.00	100.00
Metaxa BV	Holding / Finance	100.00	100.00
Lodka Sport BV	Other	50.00	50.00
Meekma Distileerderijen BV (8)	Other	–	100.00
Beleggingsmaatschappij Honthorst BV (8)	Holding / Finance	–	100.00
Lelie BV	Holding / Finance	100.00	100.00
Rozengracht BV (8)	Holding / Finance	–	100.00
't Lootsje II BV	Holding / Finance	100.00	100.00
Wijnhandel Ferwerda & Tieman BV	Holding / Finance	100.00	100.00
Duncan, Gilby & Matheson BV	Other	100.00	100.00
Unipol BV	Other	50.00	50.00
Botapol Management BV	Holding / Finance	100.00	100.00

		% interest	
Companies	Activity	March 2006	March 2005
Other countries			
Hermann Joerss GmbH	Distribution	100.00	100.00
Cointreau Holding	Holding / Finance	100.00	100.00
Rémy Suisse SA	Distribution	100.00	100.00
Bols Hungary Kft	Distribution	100.00	100.00
Bols Sports & Travel Sp.z.o.o	Other	100.00	100.00
S&EA Metaxa ABE	Production	100.00	100.00
Americas			
USA			
Rémy Cointreau USA Inc (5)	Distribution	100.00	100.00
Rémy Cointreau Amérique Inc	Holding / Finance	100.00	100.00
Caribean			
Mount Gay Distilleries Ltd	Production	94.98	94.98
Bols Latin America NV	Holding / Finance	100.00	100.00
Blousana Corporation AVV (9)	Distribution	–	100.00
Other countries			
Cointreau Do Brasil Ltda	Production	100.00	100.00
Destileria de Jalisco	Production	100.00	100.00
Rémy de Colombia	Distribution	98.00	98.00
Asia/Pacific			
China			
Dynasty Fine Wines Group Ltd (3) (6)	Production	26.27	23.86
Hong Kong			
Rémy Concord	Production	100.00	100.00
Rémy Pacifique Ltd	Distribution	100.00	100.00
Australia			
BPE Pty Ltd	Other	100.00	100.00
Discontinued operations			
Rémy Finance BV	Holding / Finance	100.00	100.00
Avandis CV (3)	Production	33.33	33.33
Botapol Holding BV (4)	Holding / Finance	–	50.00
Bols Sp.z.o.o (4)	Production	–	50.00
Pisang Ambon BV (10)	Holding / Finance	100.00	–
Bokma Distillateurs BV	Holding / Finance	100.00	100.00
Beleggingsmaatschappij Honthorst II BV	Holding / Finance	100.00	100.00
Erven Lucas Bols Pty. Ltd	Distribution	50.00	50.00

(1) *Company is part of the French tax group.*

(2) *Special purpose entities.*

(3) *Accounted for by the equity method.*

(4) *Sold during the period ended.*

(5) *Formerly Rémy Amérique Inc before it changed its name to Rémy Cointreau USA Inc.*

(6) *Rémy Cointreau Group acquired a 2.41% additional stake during the year.*

(7) *Company absorbed by E. Rémy Martin & Cie.*

(8) *Company liquidated.*

(9) *Company absorbed by Bols Latin America NV.*

(10) *Founded during the year.*

28. Impact of IAS 32/39

28.1. First time application

IAS 32 and IAS 39 were applied for the first time to the opening balance sheet as at 1 April 2005.

The impact of opening entries to apply these two standards is detailed in the table below.

€ millions	31 march 2005	Minority Put	OCEANE	TSDI	Bonds and other	Currency hedges	Int. rate hedges	1 April 2005
Assets								
Goodwill	–	42.9						42.9
Brands and other intangible assets	922.7							922.7
Property, plant and equipment	195.6							195.6
Investments in associates	113.6							113.6
Other investments	7.7							7.7
Deferred tax	3.9			1.0				4.9
Non-current assets	**1,243.5**	**42.9**	**0.0**	**1.0**	**0.0**	**0.0**	**0.0**	**1,287.4**
Inventories	845.9							845.9
Trade and other receivables	239.7		(1.0)	(0.5)	(11.2)		(1.5)	225.5
Income tax receivable	6.8							6.8
Derivative financial instruments	8.9					1.3	0.2	10.4
Cash and cash equivalents	53.6							53.6
Current assets	**1,154.9**	**0.0**	**(1.0)**	**(0.5)**	**(11.2)**	**1.3**	**(1.3)**	**1,142.2**
Total assets	**2,398.4**	**42.9**	**(1.0)**	**0.5**	**(11.2)**	**1.3**	**(1.3)**	**2,429.6**

€ millions	31 march 2005	Minority Put	OCEANE	TSDI	Bonds and other	Currency hedges	Int. rate hedges	1 April 2005
LIABILITIES AND EQUITY								
Share capital and share premium	702.8							702.8
Treasury shares	(0.6)							(0.6)
Consolidated reserves	119.9		5.1	(1.7)	0.2	2.7	(1.1)	125.1
Translation reserve	(3.0)							(3.0)
Net profit - Group share	49.8							49.8
Equity - Group share	**868.9**	**0.0**	**5.1**	**(1.7)**	**0.2**	**2.7**	**(1.1)**	**874.1**
Minority interests	19.4	(8.0)						11.4
Total equity	**888.3**	**(8.0)**	**5.1**	**(1.7)**	**0.2**	**2.7**	**(1.1)**	**885.5**
Long-term financial debt	746.5		(30.2)	5.6	(11.2)			710.7
Other non-current liabilities	51.2	50.9						102.1
Deferred tax	273.4		2.7		0.1	1.5	(0.6)	277.1
Non-current liabilities	**1,071.1**	**50.9**	**(27.5)**	**5.6**	**(11.1)**	**1.5**	**(0.6)**	**1,089.9**
Short-term financial debt and accrued interest	170.0		21.4	(8.3)	(0.3)			182.8
Trade and other payables	244.0					(2.6)		241.4
Income tax payable	2.9							2.9
Short-term provisions for risks and charges	19.4							19.4
Derivative financial instruments	2.7			4.9		(0.3)	0.4	7.7
Current liabilities	**439.0**	**0.0**	**21.4**	**(3.4)**	**(0.3)**	**(2.9)**	**0.4**	**454.2**
Total liabilities and equity	**2,398.4**	**42.9**	**(1.0)**	**0.5**	**(11.2)**	**1.3**	**(1.3)**	**2,429.6**

Minority put: at 1 April 2005, Takirra Investment Corp. NV, the partner of Rémy Cointreau in the Bols Sp. z.o.o. joint venture, has a put exercisable in April 2006 under which it has the possibility to sell its minority shareholding to Rémy Cointreau at a price determined by reference to the operating profit of the joint venture. The value of this put was estimated at €50.9 million at 1 April 2005 and is recorded on the line "Other non-current liabilities". The difference compared with the corresponding minority interests, which amounted to €8 million, was recorded as goodwill.

Following the sale of the investment in the Bols Sp. z.o.o. joint venture on 17 August 2005, this balance was reversed as at 30 September 2005.

OCEANE: in January 2001, Rémy Cointreau issued €300 million in bonds with the option to convert into and/or exchange for new and/or existing shares (OCEANE), the characteristics of which are provided in Note **11.2** of the 2004/05 Annual Report. The equity component of these instruments, net of issue costs, was valued at €29.1 million. The retroactive application of the effective interest rate method to the debt component led to the recognition of a pre-tax charge of €24.1 million, which includes the actuarial amortisation of issue costs allocated to the debt component and of the redemption premium.

Issue costs, which had previously been recognised as an asset, were reclassified as a reduction in the nominal value of the instruments.

Perpetual subordinated notes (TSDI): in May 1991, Rémy Cointreau issued perpetual subordinated notes, the characteristics of which are provided in Note **10** of the 2004/05 Annual Report. As these notes have been held by a debt securitisation fund (*Fonds Commun de Créance* - FCC) since May 1996, the latter has been consolidated as a special purpose vehicle. Therefore, in the consolidated balance sheet of Rémy Cointreau, the subordinated perpetual notes, which amounted to €28.3 million, were eliminated and replaced by the financial debt of the debt securitisation fund, which amounted to €34.5 million. Interest rate swaps entered into when the securities were repackaged in May 1996 were valued as at 1 April 2005 and no longer qualify as a hedging instrument as had been the case under generally accepted French accounting principles. An amount of €4.9 million was recorded under derivative financial instruments on the liability side of the balance sheet by debiting reserves.

Issue costs, which had been reported as an asset on the balance sheet, are now deducted from the nominal value of the instruments.

Bonds and other financial debt: these restatements concern two bond issues (details of which are provided in Note **12.2** of the 2004/05 Annual Report) and a syndicated loan (details of which are provided in Note **12.4** of the 2004/05 Annual Report). Issue costs, which had been reported as an asset on the balance sheet, are now deducted from the nominal value of the corresponding debt. The total impact amounts to €11.2 million.

Interest on the two bond issues was recalculated using the effective interest method, which resulted in the recognition of pre-tax income of €0.3 million.

Hedging of currency and interest rate risks: all financial instruments used to hedge currency and interest rate risks were accounted for in accordance with the recommendations contained in IAS 32 and IAS 39. All the instruments in existence at 1 April 2005 were marked to market. Changes in the value of the effective portion compared with the date on which the instrument was subscribed are recognised as a component of reserves or recyclable equity depending on whether the instrument is used to hedge balance sheet items or future cash flows.

28.2. Impact on the year ended 31 March 2006

The introduction of IAS 32/39 led to the following accounting adjustments for the year ended 31 March 2006:

€ millions	Net financial expenses	Other financial income and expenses	Financial debt	Liability financial derivatives	Equity recyclables	Asset financial derivatives	Other operating receivables and payables
OCEANE	(7.9)	–	7.9	–	–	–	–
TSDI	2.5	–	1.9	(4.4)	–	–	–
Bonds	0.1	–	(0.1)	–	–	–	–
Financial instruments:							
- on interest rates	0.2	–	–	(0.3)	2.5	2.7	(0.3)
- on exchange rates	–	(1.0)	–	0.3	(5.7)	(3.8)	(2.6)
Total	(5.1)	(1.0)	9.7	(4.4)	(3.2)	(1.1)	(2.9)

29. First-time adoption of International Financial Reporting Standards (IFRS)

29.1. Introduction

In general, the information contained in this document has been prepared on the basis of the standards and interpretations in force at the time it was prepared; in the event of any modification of those standards and interpretations on the basis of present or future exposure drafts, financial information included in the Group accounts as at March 31, 2006 may differ from the information included in this document.

In accordance with Regulation (EC) No 1606/2002 of the European Parliament and the Council of 19 July 2002 on the application of international accounting standards, the consolidated financial statements of Rémy Cointreau for the periods beginning on or after 1 April 2005 will be prepared in accordance with the standards issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC). These statements will be prepared from an opening balance sheet at 1 April 2004 to permit inter-period comparisons.

The purpose of this document is to provide additional information to that contained in Chapter 5.1.2 of the 2004-05 Reference Document (pages 39 to 41) pursuant to the recommendation issued by the stock market authorities (CESR and AMF) regarding the transition from generally accepted French accounting principles (French GAAP) to the new International Financial Reporting Standards (IFRS).

Information concerning the application of IFRS 1, *First-time Adoption of International Financial Reporting Standards,* has been reproduced in the last chapter of this document, together with the description of the impact on the Group's accounting policies of adopting these new standards.

This document contains several tables providing reconciliations between French GAAP and IFRS:
- Total equity at 1 April 2004 and 31 March 2005;
- Balance sheet at 1 April 2004 and 31 March 2005;
- Income statement to 31 March 2005;
- Detailed comments regarding reconciling items.

It will be recalled that IAS 32 and IAS 39 were applied by the Group for the first time on 1 April 2005, as permitted by IFRS 1. The impact of these standards on the financial statements for the periods covered by this document is therefore not provided.

Key figures contained in the abridged transition balance sheet at 1 April 2004, presented on a preliminary basis in the Reference Document, have been modified subsequently as a result of the additional work performed in certain areas and the review conducted by the independent auditors. These modifications are commented on in this document.

29.2. Total equity at 31 March 2005 and 1 April 2004

	31 March 2005			1 April 2004		
€ millions	Group	Minority interests	Total	Group	Minority interests	Total
Equity – French GAAP	**1,101.8**	**15.9**	**1,117.7**	**1,111.1**	**12.5**	**1,123.6**
Application of IAS 16 and IAS 38	35.0	–	35.0	34.1	–	34.1
Gain on contribution and goodwill of Maxxium (IFRS 3)	24.1	–	24.1	22.3	–	22.3
Recognition of deferred actuarial differences (IAS 19)	(17.7)	–	(17.7)	(12.7)	–	(12.7)
Post-retirement healthcare plans (IAS 19)	(3.4)	–	(3.4)	(3.4)	–	(3.4)
Restatement on provisions for liabilities at their net present value (IAS 37)	1.0	–	1.0	4.9	–	4.9
Deferred tax on difference between the amount at which brands are carried in the consolidated accounts and their tax value (IAS 12)	(254.6)	–	(254.6)	(283.4)	–	(283.4)
Deferred tax on difference in valuation of the inventories of special purpose entities (IAS 12)	9.0	–	9.0	8.3	–	8.3
Reclassification linked to consolidation of special purpose entities (IAS 27)	(25.9)	3.2	(22.7)	(23.5)	0.7	(22.8)
Miscellaneous	(0.4)	0.3	(0.1)	(0.1)	0.3	0.2
Equity - IFRS	**868.9**	**19.4**	**888.3**	**857.6**	**13.5**	**871.1**

29.3. Balance sheets at 31 March 2005 and 1 April 2004

29.3.1. Balance sheets compared

€ millions	31 March 2005			1 April 2004		
	French GAAP (a)	IFRS (b)	Difference (b) – (a)	French GAAP	IFRS	Difference (b) – (a)
Assets						
Intangible assets	923.4	922.7	(0.7)	969.1	968.2	(0.9)
Property, plant and equipment	133.3	195.6	62.3	142.8	204.8	62.0
Investments in associates	89.4	113.6	24.2	78.3	100.7	22.4
Other investments	23.8	7.7	(16.1)	21.9	7.4	(14.5)
Deferred tax	4.8	3.9	(0.9)	6.7	4.0	(2.7)
Total non-current assets	**1,174.7**	**1,243.5**	**68.8**	**1,218.8**	**1,285.1**	**66.3**
Inventories	831.7	845.9	14.2	874.0	880.8	6.8
Trade and other receivables	258.1	239.7	(18.4)	255.3	244.7	(10.6)
Income tax receivable	6.8	6.8	–	7.4	7.4	–
Derivative financial instruments	8.9	8.9	–	9.8	9.8	–
Cash and cash equivalents	53.6	53.6	–	68.1	68.1	–
Total current assets	**1,159.1**	**1,154.9**	**(4.2)**	**1,214.6**	**1,210.8**	**(3.8)**
Total assets	**2,333.8**	**2,398.4**	**64.6**	**2,433.4**	**2,495.9**	**62.5**
Equity and liabilities						
Share capital and share premium	702.8	702.8	–	–	698.0	698.0
Treasury shares	(0.6)	(0.6)	–	–	(10.5)	(10.5)
Consolidated reserves	408.3	119.9	(288.4)	453.5	170.1	(283.4)
Translation reserve	(32.9)	(3.0)	29.9	(29.9)	–	29.9
Net profit – Group share	24.2	49.8	25.6	–	–	–
Equity – Group share	**1,101.8**	**868.9**	**(232.9)**	**1,111.1**	**857.6**	**(253.5)**
Minority interests	15.9	19.4	3.5	12.5	13.5	1.0
Total equity	**1,117.7**	**888.3**	**(229.4)**	**1,123.6**	**871.1**	**(252.5)**
Long-term financial debt	746.5	746.5	–	–	769.6	769.6
Other non-current liabilities	42.6	51.2	8.6	56.2	54.6	(1.6)
Deferred tax liabilities	11.5	273.4	261.9	6.5	300.3	293.8
Total non-current liabilities	**800.6**	**1,071.1**	**270.5**	**832.3**	**1,124.5**	**292.2**
Short-term financial debt and accrued interest	146.8	170.0	23.2	198.9	221.7	22.8
Trade and other payables	242.7	244.0	1.3	250.3	250.8	0.5
Income tax payable	2.9	2.9	–	–	5.7	5.7
Short-term provisions for liabilities and charges	20.4	19.4	(1.0)	20.9	20.4	(0.5)
Derivative financial instruments	2.7	2.7	–	–	1.7	1.7
Total current liabilities	**415.5**	**439.0**	**23.5**	**477.5**	**500.3**	**22.8**
Total equity and liabilities	**2,333.8**	**2,398.4**	**64.6**	**2,433.4**	**2,495.9**	**62.5**

29.3.2. Analysis of "Difference" column by type of restatement or reclassification

1 APRIL 2004

The columns in the tables below provide an analysis of differences for each balance sheet heading showing the various restatements and reclassifications necessitated by the application of International Accounting Standards and International Financial Reporting Standards. Each column is the object of a detailed comment.

€ millions	(a)	(b)	(c)	(d)	(e)	(f)	(g)	Total difference
ASSETS								
Brand and intangible assets	(0.9)						–	(0.9)
Property, plant and equipment	62.0						–	62.0
Investments in associates		22.4					–	22.4
Other investments	(0.2)		(13.0)				(1.3)	(14.5)
Deferred tax	0.8		1.8	(2.5)	8.3		(11.1)	(2.7)
Non-current assets	**61.7**	**22.4**	**(11.2)**	**(2.5)**	**8.3**	**0.0**	**(12.4)**	**66.3**
Inventories						6.8	–	6.8
Trade and other receivables	(5.3)					(6.8)	1.5	(10.6)
Current assets	**(5.3)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.5**	**(3.8)**
Total assets	**56.4**	**22.4**	**(11.2)**	**(2.5)**	**8.3**	**0.0**	**(10.9)**	**62.5**
EQUITY AND LIABILITIES								
Consolidated reserves	34.1	22.4	(16.0)	4.9	(275.1)	(23.5)	(30.2)	(283.4)
Translation reserve							29.9	29.9
Equity – Group share	**34.1**	**22.4**	**(16.0)**	**4.9**	**(275.1)**	**(23.5)**	**(0.3)**	**(253.5)**
Minority interests	–	–	–	–	–	0.7	0.3	1.0
Total equity	**34.1**	**22.4**	**(16.0)**	**4.9**	**(275.1)**	**(22.8)**	**(0.0)**	**(252.5)**
Other non-current liabilities	–	–	5.6	(7.4)	–	–	0.2	(1.6)
Deferred tax	22.3	–	(0.8)	–	283.4	–	(11.1)	293.8
Non-current liabilities	**22.3**	**0.0**	**4.8**	**(7.4)**	**283.4**	**0.0**	**(10.9)**	**292.2**
Short-term financial debt and accrued interest						22.8	–	22.8
Trade and other payables						–	0.5	0.5
Short-term provisions for liabilities and charges						–	(0.5)	(0.5)
Current liabilities	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**22.8**	**0.0**	**22.8**
Total equity and liabilities	**56.4**	**22.4**	**(11.2)**	**(2.5)**	**8.3**	**0.0**	**(10.9)**	**62.5**

(a) Change in the estimated useful life of intangible assets and property, plant and equipement, and restatement of prepayments and deferred charges. The impact of these restatements on reserves is €34.1 million in the final version of the transition balance sheet, compared with €36 million in the preliminary version.

(b) Gain of contribution incurred at the creation of Maxxium is credited to equity for its carrying amount at 31 March 2004. The impact of this restatement on reserves is €22.4 million in the final version of the transition balance sheet, compared with €22 million in the preliminary version.

(c) Deferred actuarial gains and losses on pension commitments recognised directly to equity and provision set aside in respect of post-retirement healthcare plans from which certain past employees benefit in France. The impact on the reserves of these two restatements totalled €16.0 million in the final version of the transition balance sheet, i.e. the same as in the preliminary version.

(d) Provisions for liabilities expected to crystallise in more than two years are now restated at their present value. The impact on reserves totalled €4.8 million in the final version of the transition balance sheet, compared with €1 million in the preliminary version. The reason for this difference was that the provision in question, which had represented a fixed euro amount previously, was considered as likely to give rise to payment in US dollars. Accordingly the amount of this provision was re-measured as well as restated at its net present value.

(e) Deferred taxes on differences between the amount at which assets are carried in the consolidated balance sheet and their tax value:
• Previously no provision for deferred tax was recorded in respect of brands that could not be sold separately from the entity acquired by the Group. The impact on reserves amounted to €275.1 million in the final version of the transition balance sheet, compared with €276 million in the preliminary version. The difference results from modifications made to the tax value of certain brands.
• A deferred tax asset of €8.3 million was recorded on the application of the buyer's effective tax rate rather than the seller's tax rate to entries recorded to eliminate unrealised margins on intra-group inventories. This adjustment was not recorded in the preliminary transition balance sheet.
• A tax charge amounting to €3 million in respect of investments in associates that was recorded in the preliminary transition balance sheet was not maintained in the final version, as any distributions by these companies would not give rise to the payment of any distribution taxes.

(f) None of these reclassifications were anticipated in the preliminary transition balance sheet. Most result from a more in-depth analysis of the substance of certain transactions as opposed to their legal form.

An amount of €6.8 million was reclassified from trade receivables to inventories, being advances to certain wine suppliers in the Champagne region.

An amount of €22.8 million was reclassified from minority interests to financial debt, being the re-qualification as debt of the equity of the special purpose entity Champaco (a cognac ageing cooperative that has since merged with another cooperative to form Alliance Fine Champagne) as the capital is used to finance inventories and the remuneration of this capital is treated as a finance cost at the level of the Group.

A negative amount of €23.5 million was reclassified from minority interests to Group equity following a change in the method of accounting for special purpose entities (IAS 27). Previously consolidated under the full consolidation method with minority interests of 100%, these entities continue to be consolidated under the full method but without the recognition of any minority interests.

(g) This column presents the impact of the various reclassifications without incidence on equity, including the reclassification of net translation adjustment as reserves in the opening balance sheet as permitted by IFRS 1.

TO 31 MARCH 2005

€ millions	(a)	(b)	(c)	(d)	(e)	(f)	(g)	Total difference
Assets								
Brand and intangible assets	(0.7)							(0.7)
Property, plant and equipment	62.3							62.3
Investments in associates		24.2						24.2
Other investments	(0.2)		(15.9)					(16.1)
Deferred tax	0.8		4.1	(0.8)	9.3		(14.3)	(0.9)
Non-current assets	**62.2**	**24.2**	**(11.8)**	**(0.8)**	**9.3**	**–**	**(14.3)**	**68.8**
Inventories						14.2		14.2
Trade and other receivables	(4.2)					(14.2)		(18.4)
Current assets	**(4.2)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(4.2)**
Total assets	**58.0**	**24.2**	**(11.8)**	**(0.8)**	**9.3**	**0.0**	**(14.3)**	**64.6**
Equity and liabilities								
Consolidated reserves	34.1	22.4	(21.1)	4.9	(275.5)	(23.5)	(30.2)	(288.4)
Translation reserve	–	–	–	–	–	–	29.9	29.9
Net profit – Group share	0.2	1.8	–	(3.9)	30.4	(2.4)	–	25.6
Equity - Group share	**34.3**	**24.2**	**(21.1)**	**1.0**	**(245.1)**	**(25.9)**	**(0.3)**	**(232.9)**
Minority interests						3.1	0.4	3.5
Total equity	**34.3**	**24.2**	**(21.1)**	**1.0**	**(245.2)**	**(22.8)**	**0.1**	**(229.4)**
Other non-current liabilities			10.0	(1.8)			0.4	8.6
Deferred tax	22.5		(0.7)		254.4		(14.3)	261.9
Non-current liabilities	**22.5**	**0.0**	**9.3**	**(1.8)**	**254.4**	**0.0**	**(13.9)**	**270.5**
Short-term financial debt and accrued interest	0.2					22.8	0.2	23.2
Trade and other payables	1.0						0.3	1.3
Short-term provisions for liabilities and charges							(1.0)	(1.0)
Current liabilities	**1.2**	**0.0**	**0.0**	**0.0**	**0.0**	**22.8**	**(0.5)**	**23.5**
Total equity and liabilities	**58.0**	**24.2**	**(11.8)**	**(0.8)**	**9.3**	**0.0**	**(14.3)**	**64.6**

The above restatements and reclassifications include those made to the opening balance sheet at 1 April 2004 as well as movements during the period 1 April 2004 to 31 March 2005 in respect of restatements identified on the transition dates and new restatements in respect of transactions during the year ended 31 March 2005.

(a) At 31 March 2005, this also included the restatement of a finance lease and a lease for office property (advantages granted by lessor spread over the term of the lease).

(b) Since 1 July 2004, goodwill recognised by Maxxium on the creation of the joint-venture is no longer amortised.

(c) Actuarial gains and losses for the period 1 April 2004 to 31 March 2005 recognised directly to equity.

(d) Restatement of provisions at their net present value.

(e) Effect of changes in tax rates on the deferred tax liability recognised in respect of brands.

(f) An amount of €14.2 million was reclassified from trade receivables to inventories, being advances to certain wine suppliers in the Champagne region. Other reclassifications are the same as at 1 April, but reflect movements that have occurred during the period.

(g) Same types of reclassifications as at 1 April 2004, but amounts reflect movements that have occurred during the period.

(h) Recognition of a charge in respect of share-based payments in application of IFRS 2 with a corresponding credit to reserves.

29.4. Income statement for the year ended 31 March 2005

The income statement after restatement for IFRS shown below is different from the income statement used as comparative in the consolidated financial statements for the year ended 31 March 2006 in the present document due to the fact that the activities in the process of being sold were subsequently reclassified in the line “Net profit (loss) from discontinued operations” pursuant to IFRS 5. Such discontinued activities, described in notes **2.2** and **21.2** were not known as such at the transition date.

29.4.1. Income statements compared

TO 31 MARCH 2005

€ millions	French GAAP (a)	IFRS (b)	Difference (b) – (a)
Net sales	**905.3**	**823.8**	**(81.5)**
Gross profit	494.7	438.8	(55.9)
Distribution costs	(243.6)	(221.0)	22.6
Administrative expenses	(83.4)	(87.9)	(4.5)
Other income from operations	–	12.1	12.1
Current operating profit	**167.7**	**142.0**	**(25.7)**
Provisions for impairment	–	(28.8)	(28.8)
Other operating income (expenses)	–	1.7	1.7
Operating profit	**167.7**	**114.9**	**(52.8)**
Finance costs	(53.1)	(55.8)	(2.7)
Profit before tax	**114.6**	**59.1**	**(55.5)**
Income tax expense	(38.3)	(10.5)	27.8
Share of profit of associates	5.6	7.4	1.8
Profit from continuing operations	**81.9**	**56.0**	**(25.9)**
Net profit (loss) from discontinuing operations	–	(0.7)	(0.7)
Profit attributable to minority interests	(3.1)	(5.5)	(2.4)
Non-recurring items after tax	(54.6)	–	54.6
Net profit – Group share	**24.2**	**49.8**	**25.6**

29.4.2. Analysis of "Difference" column

TO 31 MARCH 2005

€ millions	(a)	(b)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	Activities sold in 05/06	Total diffe-rence
Net sales	–							(6.5)		(75.0)	(81.5)
Gross profit	–					–	–	(6.5)	–	(49.4)	(55.9)
Distribution costs	(0.2)					(0.2)	–	(5.6)	(3.9)	32.5	22.6
Administrative expenses	0.6					–	(0.8)	–	(4.3)	–	(4.5)
Other income from operations	–					–	–	12.1	–	–	12.1
Current operating profit	0.4	–	–	–	–	(0.2)	(0.8)	0.0	(8.2)	(16.9)	(25.7)
Provisions for impairment									(52.3)	23.5	(28.8)
Other operating income (expenses)									1.7	–	1.7
Operating profit	0.4	–	–	–	–	(0.2)	(0.8)	0.0	(58.8)	6.6	(52.8)
Finance costs	–	–	(5.6)	–	–	–	–	–	0.7	2.2	(2.7)
Profit before tax	0.4	0.0	(5.6)	–	–	(0.2)	(0.8)	0.0	(58.1)	8.8	(55.5)
Income tax expense	(0.1)	–	1.7	30.4	–	0.1	0.3	–	3.5	(8.1)	27.8
Share of profit of associates	–	1.8	–	–	–	–	–	–	–	–	1.8
Net profit from continuing operations	0.3	1.8	(3.9)	30.4	–	(0.1)	(0.5)	0.0	(54.6)	0.7	(25.9)
Net profit (loss) from discontinuing operations					–				–	(0.7)	(0.7)
Profit attributable to minority interests					(2.4)				–	–	(2.4)
Non-recurring items after tax					–				54.6	–	54.6
Net profit – Group share	0.3	1.8	(3.9)	30.4	(2.4)	(0.1)	(0.5)	0.0	0.0	0.0	25.6

(a) Reflects mainly a reduction in amortisation charges.

(b) Reversal of amortisation of Maxxium gain on contribution (€1.5 million decrease in profit) and of amortisation of Maxxium goodwill from 1 July 2004 (€3.3 million increase in profit).

(d) Restatement of certain provisions for liabilities at their net present value and re-measurement at the closing exchange rate of liabilities denominated in foreign currencies.

(e) Effect of changes in tax rates on tax entries recorded in connection with the application of IFRS, mainly deferred tax on the difference between the carrying value of the brands and their tax value.

(f) €2.4 million increase in minority interest resulting from a change in the method of accounting for special purpose vehicles (IAS 27). Previously consolidated under the full method with minority interests of 100%, these entities continue to be fully consolidated but with no recognition of any minority interests.

(g) Change in the calculation of allowances for doubtful debts at certain subsidiaries.

(h) Charge recognised in respect of share-based payments in application of IFRS 2.

(i) Reclassification of €6.5 million in distribution costs as a reduction in revenue as required by IAS 18, being mainly certain selling expenses in the US.

Reclassification as other income from operations of €12.1 million of revenues previously treated as a reduction in distribution costs.

(j) Reclassification of charges previously reported as non-recurring items.

Finally, and as recommended by International Financial Reporting Standards for the purpose of facilitating inter-period comparisons, all revenue and expenditure items relating to the Polish activities sold in August 2005 were reclassified on the line "Profit (loss) from discontinuing operations."

29.5. Accounting principles retained for the transition

International accounting standards have been applied retrospectively in the transition balance sheet at the date of transition (1 April 2004), with the exception of certain optional and obligatory exemptions offered by IFRS 1 ("First time adoption of IFRS") and which are commented below, standard by standard.

29.5.1. Adoption of IFRS 1 "First time adoption of IFRS"

The IFRS 1 standard defines the methods of establishing the first balance sheet under IFRS. The general principle is the retrospective application of all the standards in force at 31 March 2006, incidences of changes in accounting principles being recorded against retained earnings at the date of transition, 1 April 2004.

IFRS offers optional treatments; the choices selected by the Group in this domain are as follows :

• Business combinations : the exemption from retrospective application of IFRS has been retained;

• Valuation of intangibles assets and property, plant and equipment: the option of fair value at transition date has not been retained;

• Company benefits : actuarial differences, deferred under French GAAP, are recorded against equity at transition date;

• Translation of financial statements of foreign entities : cumulative translation adjustments as at 1 April 2004 have been reclassified in retained earnings at 1 April 2004;

• Share-based payments : IFRS 2 relating to share-based payments has not been applied by the Group to share purchase or subscription option plans open prior to 7 November 2002, the date before which the application is optional.

29.5.2. Consolidation scope

In applying the standards relating to the scope of consolidation (IAS 27, 28 and 31), the Group has reviewed its entire consolidation scope as well as the methods of consolidation of Group companies. The only change relates to the minority interests of special purpose entities which have been reclassified as Group equity and financial debt.

It should be noted that in respect of IFRS, the Group had decided, at the time of the 2004 accounting period, to apply in advance in its consolidated financial statements, the CRC 2003-04 ruling of 4 May 2004 relating to the consolidation of special purpose entities. Certains activities of two cognac ageing co-operatives (Prochacoop and Champaco, which were subsequently merged into Alliance Fine Champagne) had thus been consolidated.

29.5.3. Intangible assets

The majority of the Group's intangible assets comprise brands which are not amortised and are subject to annual impairment reviews under IFRS. Such reviews were already undertaken by the Group under French GAAP.

Under French GAAP, certain marketing and advertising expenses, recorded under "other receivables" were spread over several accounting periods.

Under IFRS, these expenses do not satisfy the recognition criteria for an asset and must be recognised in profit immediately.

At 1 April 2004, the total of such expenses is charged to retained earnings.

29.5.4. Property, plant and equipment

The Group has opted to apply the amortised historic cost method ("cost model").

The Group has retrospectively applied the dispositions of IAS 16 to all its property, plant and equipment which led to a revision of the depreciation policy of these assets with respect to their useful lives.

The useful lives retained for certain type of assets (notably buildings, stills, casks and barrels) have grown significantly. Manufacturing assets being used until the end of their useful lives, no residual value has been established.

29.5.5. Investment in associated companies

Under French GAAP, the Maxxium distribution joint venture is consolidated using the equity method. At the time of its creation and subsequent operations, goodwill on acquisition has been recorded in Maxxium's accounts and is amortised on a straight line basis over 20 years.

Under IFRS, goodwill on acquisition is no longer amortised but is the subject of an annual impairment review.

At the same time, the capital gain on transferred assets recorded by the Group, under Frech GAAP, on the creation of Maxxium, carried as deduction from the value of the joint venture, which is also amortised on a straight line basis over 20 years will, under IFRS, be taken to equity at its net value as at 1 April 2004 in accordance with IFRS 3.

29.5.6. Employee benefits

In accordance with the option offered by IFRS 1, non-amortised actuarial differences relating to defined benefit retirement plans as at 1 April 2004 are recorded in full in equity by counterpart of "Other financial assets" or "Provision for retirement".

Post-employment benefit relating to healthcare from which certain retired employees benefit in France have been the subject of a valuation, recorded under "Provision for retirement" with a counterpart reduction in equity.

All other significant benefits within the scope of IAS 19 were already accounted for at 1 April 2004.

29.5.7. Translation adjustment

In accordance with the option offered by IFRS 1, translation differences accumulated in equity prior to 1 April 2004 are reclassified in consolidated reserves.

29.5.8. Provisions for liabilities and charges

In accordance with IAS 37, provisions for liabilities and charges for significant amounts for which the payment date can be anticipated are subject to discounting.

29.5.9. Deferred Taxation

Under French GAAP, the Group does not recognise deferred taxation on initial consolidation differences allocated to brands, in application of the exception of the CRC 99-02 ruling; in effect, these intangible assets have consistently being considered as non-transferable independently of the acquired entities.

IAS 12 does not provide this exception. Consequently, a deferred taxation liability is recorded on the difference between the value of the brands in the consolidated accounts and their fiscal value, more often than not zero, in the individual financial statements of the acquired company, owner of the brand.

The tax rate applied is that which would theoretically be applied to the capital gain in the instance of a separate transfer from the company, owner of the brand.

This deferred taxation liability is constituted with reference to the value of the brands at 1 April 2004 with a counterpart diminution in consolidated equity.

Besides the impact of the first time application, this accounting treatment will also cause certain fiscal benefits, previously considered as permanent differences, not to be taken into consideration any longer.

Another consequence of applying IAS 12 is the recognition of a deferred tax asset on the elimination of intercompany margins in inventory at the tax rate of the buyer, instead of the seller's.

29.5.10. Share-based payments

Share subscription and purchase option plans granted since 7 November 2002 are subject to a valuation according to the dispositions of IFRS 2.

29.5.11. Revenue and related income

In applying IAS 18, certain commercial costs that are billed by distributors, presented in distribution costs under French GAAP, must be presented as a deduction against revenue.

Certain side revenues, previously shown as a deduction of distribution costs, are now disclosed under a separate line "Other income from operations".

29.5.12. Operating profit and exceptional profit

Under French GAAP, the Group makes use of the notion of exceptional profit to isolate certain exceptional revenues and expenses whose occurrence is not related to the current course of business, in particular, transfers of significant assets, restructuring costs and impairment of brands are recorded in exceptional profit.

This notion not being recognised under IFRS, the Group will present operating profit split between "Operating profit from ordinary activities" and a line "Other operating income (expense)" grouping most of the items previously recorded under exceptional profit.

29.5.13. Segment reporting

Within the framework of the review of its internal method of organisation and following an in-depth analysis of the essential characteristics of the different segments identified up to this point, the Group has decided to merge the "Liqueurs" and "Spirits" segments from its first publication of financial statements under IFRS.

In addition, the operating profit from ordinary activities will now be disclosed after full allocation of network and central costs.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2006

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

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

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meetings, we have audited the accompanying consolidated financial statements of Rémy Cointreau for the year ended March 31, 2006.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit. These financial statements have been prepared for the first time in accordance with IFRSs as adopted by the EU. They include comparative information restated in accordance with the same standards in respect of the financial year 2004/05 except for IAS 32 and IAS 39 applied only from April 1st, 2005 as planned by IFRS1.

I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of companies in accordance with IFRSs as adopted by the EU.

II. JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of article L. 823-9 of French Company Law (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters :

Brands are valued according to the method described in note 1.8 of the notes to the consolidated financial statements. We have assessed the validity of the valuation method applied which is based on estimates and examined the information and assumptions used in making these valuations by your Company. We carried out the assessment of the reasonableness of these estimates.

The assessments were thus made in the context of the performance of our audit of the consolidated financial statements taken as a whole and therefore contributed to the formation of our unqualified audit opinion expressed in the first part of this report.

III. SPECIFIC VERIFICATION

In accordance with professional standards applicable in France, we have also verified the information given in the Group management report. We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

Paris and Neuilly-sur-Seine, June 12, 2006

The Statutory Auditors

AUDITEURS ET CONSEILS ASSOCIÉS
Member of Nexia International

François Mahé

BARBIER FRINAULT & AUTRES
Ernst & Young

Richard Olivier

3.2. Parent Company financial statements

Balance sheet of the company

For the years ended 31 March 2006, 2005, 2004

All data below is expressed in millions of euros.

Assets

	Notes	2006	2005	2004
Intangible assets		32.4	32.4	32.4
Tangible assets		–	–	–
Equity investments		1,349.5	1,377.0	1,370.7
Receivables linked to equity investments		5.1	6.7	25.2
Other long-term investments		–	–	–
Loans		0.8	0.8	0.7
Other financial assets		2.9	0.6	10.5
Total fixed assets	**2.1/2**	**1,390.7**	**1,417.5**	**1,439.5**
Other receivables	2.3	610.3	667.7	644.7
Marketable securities	2.4	10.7	26.3	51.2
Cash		5.0	0.9	0.3
Total current assets		**626.0**	**694.9**	**696.2**
Prepaid expenses		1.8	1.5	1.3
Deferred charges	2.5	8.2	9.9	9.0
Bond redemption premium	2.6	–	6.7	13.3
Unrealised translation losses		0.5	0.6	0.5
Total assets		**2,027.2**	**2,131.1**	**2,159.8**

Liabilities and equity

	Notes	2006	2005	2004
Share capital		72.8	72.1	71.7
Share issue, merger and transfer premiums		639.5	630.7	626.4
Legal reserve		7.2	7.2	7.1
Regulated reserves		–	–	18.2
Other reserves		–	78.4	48.0
Retained earnings		27.9	17.9	97.6
Net profit (loss) for the year		59.9	(23.4)	(22.6)
Regulated provisions		45.1	91.9	76.4
Shareholders' equity	**2.7**	**852.4**	**874.8**	**922.8**
Subordinated perpetual securities	2.8	3.2	28.3	51.3
Convertible bonds	2.9	341.9	342.7	342.7
Provisions for risks and charges	2.13	7.4	9.0	11.9
Other bonds	2.10	390.2	392.4	192.1
Loans and other financial debt	2.11	294.4	298.2	268.6
Loans and amounts due to financial institutions	2.11	0.5	0.2	251.5
Financial debt		**685.1**	**690.8**	**712.2**
Trade notes and accounts payable		0.1	0.6	0.1
Tax and social security liabilities		0.4	0.9	–
Amounts due to fixed asset suppliers		–	–	–
Other operating liabilities		136.7	184.0	118.8
Operating liabilities		**137.2**	**185.5**	**118.9**
Deferred income		–	–	–
Unrealised exchange gains		–	–	–
Total liabilities and equity		**2,027.2**	**2,131.1**	**2,159.8**

Income statement of the company

For the years ended 31 March 2006, 2005, 2004

All data below is expressed in millions of euros.

	Notes	2006	2005	2004
Services provided	3.1	15.7	15.2	17.8
Release of amortisation, depreciation and provisions, transfer of charges		1.9	4.4	7.0
Other income		–	–	–
Total operating income		**17.6**	**19.6**	**24.8**
Purchases and external costs		23.3	23.5	29.0
Taxes and duties		–	0.2	–
Wages and salaries		–	–	–
Social security charges		–	–	–
Depreciation and amortisation		3.2	2.6	2.2
Provisions for risks and charges		0.3	0.1	0.5
Other expenses		0.3	0.2	0.2
Total operating expenses		**27.1**	**26.6**	**31.9**
Operating profit (loss)		**(9.5)**	**(7.0)**	**(7.1)**
Financial income from equity investments		86.5	88.4	24.5
Income from marketable securities and equity investments		0.3	0.6	0.5
Other interest income		13.9	15.3	18.3
Release of provisions and transfer of charges		0.6	1.1	0.3
Exchange gains		–	–	–
Net gains on sales of marketable securities		0.5	0.1	0.3
Total financial income		**101.8**	**105.5**	**43.9**
Amortisation and provisions		35.2	62.3	7.2
Interest expense		43.3	40.9	49.9
Exchange losses		–	–	–
Net charges on disposal of marketable securities		–	–	–
Total financial expense		**78.5**	**103.2**	**57.1**
Net financial income (expense)	3.2	**23.3**	**2.3**	**(13.2)**
Profit (loss) on ordinary activities before tax		**13.8**	**(4.7)**	**(20.3)**
Exceptional income on revenue transactions		–	0.2	10.1
Exceptional income on capital transactions		–	14.0	–
Exceptional releases of provisions and transfer of charges			64.1	1.7–
Total exceptional income		**64.1**	**15.9**	**10.1**
Exceptional expense on revenue transactions		–	6.1	9.3
Exceptional expense on capital transactions		–	12.9	0.1
Exceptional provisions and transfer of charges		18.0	15.6	18.3
Total exceptional expense		**18.0**	**34.6**	**27.7**
Net exceptional income (expense)	3.3	**46.1**	**(18.7)**	**(17.6)**
Income tax	3.4			15.3
Net profit (loss)		**59.9**	**(23.4)**	**(22.6)**

Cash flow statement of the company

For the years ended 31 March 2006, 2005, 2004

All data below is expressed in millions of euros.

	2006	2005	2004
Net profit (loss)	59.9	(23.4)	(22.6)
Amortisation, depreciation and provisions	**56.7**	**80.5**	**29.7**
Operating	0.3	0.1	0.4
Financial	35.2	62.3	7.4
Exceptional	18.0	15.5	18.3
Deferred charges	3.2	2.6	3.6
Release of amortisation, depreciation and provisions	**(67.2)**	**(6.9)**	**(0.6)**
Operating	(0.4)	(0.9)	(0.3)
Financial	(0.6)	(1.1)	(0.3)
Exceptional	(66.2)	(4.9)	–
Net gains on asset sales	**(0.5)**	**0.0**	**0.0**
Sale proceeds	(1.1)	–	–
Book value of assets sold	0.6	–	–
Operating cash flow	**48.9**	**50.2**	**6.5**
A - Sources			
Operating cash flow	48.9	50.2	6.5
Sales of intangible assets	–	–	–
Sales of tangible assets	–	–	–
Sales of or reductions in financial assets	1.1	–	–
Reduction in receivables relating to equity investments	2.1	34.1	1.4
Increase in share capital and share premium	9.6	4.7	3.1
Long and medium term loans	420.0	510.0	580.1
Total	**481.7**	**599.0**	**591.1**
B - Uses			
Dividends	45.0	44.1	44.0
Acquisition of fixed assets:			
– Intangible fixed assets	–	–	–
– Tangible fixed assets	–	–	–
– Financial assets	0.5	58.0	–
Increase in receivables related to equity investments	3.5	5.7	3.3
Repayment of loans	422.8	561.9	611.4
Deferred charges	1.6	3.5	6.6
Bond redemption premium			
Reduction in shareholders' equity	25.1	23.8	21.1
Total	**498.5**	**697.0**	**686.4**
A – B = Change in working capital	**(16.8)**	**(98.0)**	**(95.3)**
Analysis of Change in working capital			
Increase/decrease in trade notes and accounts payable	0.4	(0.5)	–
Increase/decrease in advance payments on orders	–	–	–
Increase/decrease in other current assets/liabilities including short-term banking facilities	(17.2)	(97.5)	95.3
Total	**(16.8)**	**(98.0)**	**(95.3)**

Five-year financial summary

For the years ended 31 March

All data below is expressed in millions of euros.

	2002	2003	2004	2005	2006 (1)
1. Share capital at year end					
Share capital	71.1	71.3	71.7	72.1	72.8
Number of shares in issue	44,459,726	44,579,941	44,779,849	45,052,661	45,506,144
Maximum number of future new shares on conversion of bonds	6,926,560	6,926,560	6,863,723	6,863,723	6,831,429
2. Results for the year					
Net sales	12.9	15.1	17.8	15.2	15.7
Profit before tax, amortisation, depreciation and provisions	29.2	97.1	(8.6)	54.1	51.5
Income tax	5.5	27.0	15.3	–	–
Profit after tax, amortisation, depreciation and provisions	8.4	101.5	(22.6)	(23.4)	59.9
Dividend paid	39.9	44.6	44.8	45.6	50.1
3. Earnings per share (in euros)					
Profit after tax, but before amortisation, depreciation and provisions	0.8	2.8	0.2	1.2	1.1
Profit after tax, amortisation, depreciation and provisions	0.2	2.3	(0.5)	(0.5)	1.3
Net dividend per share	0.9	1.0	1.0	1.0	1.1
4. Employees					
Number of employees	–	–	–	–	–
Total payroll	–	–	–	–	–
Staff benefits (social security and other benefits)	–	–	–	–	–
Profit sharing (included in total payroll)	–	–	–	–	–

(1) *Subject to approval at the A.G.M.*

Notes to the parent company financial statements

1. Accounting principles and valuation methods

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

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

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

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

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

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

2. Notes to the balance sheet

2.1. Fixed assets

€ millions	Gross opening value	Increase	Decrease	Gross closing value
Intangible assets	32.4	–	–	32.4
Equity investments	1,429.6	0.5	–	1,430.1
Other	9.1	3.5	(2.7)	9.9
Total	1,471.1	4.0	(2.7)	1,472.4

The business goodwill recorded in the balance sheet assets arises from the merger with RC Pavis and has no legal protection. The increase and decrease in other financial assets relate to loans granted to Group companies.

During the year, the company signed a liquidity agreement with a financial institution. Under this agreement, the only objective of the financial institution involved is to promote the liquidity and stability of the company's shares on the market.

At the year end, the company held 24,700 treasury shares in conjunction with said agreement, which were valued at €1 million.

2.2. Amortisation, depreciation and provisions

€ millions	Gross opening value	Increase	Decrease	Gross closing value
Equity investments	52.6	28.0	–	80.6
Other	1.1	–	–	1.1
Total	53.7	28.0	0.0	81.7

The increase in provisions against equity investments reflects impairment on investments in certain subsidiaries. In the parent company financial statements, this provision corresponds to the write-down of certain trademarks recorded in the consolidated financial statements.

2.3. Maturity analysis of receivables

€ millions	Gross amount	Less than 1 year	More than 1 year
Fixed assets			
Receivables relating to equity investments	5.1	5.0	0.1
Other financial assets	4.7	3.2	1.5
Current assets			
Other receivables	610.3	609.2	1.1
Prepaid expenses	1.8	1.8	–
Total	621.9	619.2	2.7

Other receivables relate mainly to current accounts with Group companies.

2.4. Marketable securities

€ millions	Gross amount	Impairment provision	Net amount
Other marketable securities	10.7	–	10.7
Total	10.7	0.0	10.7

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

2.5. Maturity analysis of deferred charges

€ millions	Gross amount	Less than 1 year	More than 1 year
Loan issue costs	8.2	1.8	6.4
Total	8.2	1.8	6.4

Loan issue costs are amortised over the term of the loans.

Bank commissions and issue costs for the new €500 million syndicated loan signed in June 2005 came to €1.8 million. These charges were recognised as an expense, and subsequently transferred to deferred charges and amortised over the term of the loan, i.e. 5 years.

2.6. Bond redemption premium

Redemption of the OCEANE convertible bonds issued on 30 January 2001 is expected to take place in full on maturity, i.e. 1 April 2006, including a redemption premium of 11.56% of the initial amount, i.e. €34.4 million.

The bond redemption premium is amortised on a straight-line basis over the life of the bonds, taking into account the terms and conditions under which the bonds are remunerated.

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

2.7. Shareholders' equity

2.7.1. Share capital – Structure

The share capital comprises 45,506,144 fully paid-up shares with a nominal value of €1.60 per share.

During the year, 453,483 shares were issued broken down as follows:

- Exercise of stock options resulting in the issue of 421,189 new shares representing 702,116 options exercised less 280,927 shares covered by a sale with repurchase option signed in March 2005. Rémy Cointreau exercised the repurchase option in February 2006 and the corresponding shares were cancelled.
- Conversion of the 1,877 outstanding convertible bonds out of the 451,500 bonds issued in March 1991, resulting in the issue of 30,032 new shares at a rate of 16 shares per bond.
- Conversion of 2,262 OCEANE bonds issued in January 2001 resulting in the issue of 2,262 new shares.

2.7.2. Changes in shareholders' equity

€ millions	Opening value	Earnings appropriation	Other movements	Closing value
Share capital	72.1	–	0.7	72.8
Share issue and merger premiums	630.7	–	8.8	639.5
Legal reserve	7.2	–	–	7.2
Other reserves	78.4	(78.4)	–	–
Retained earnings	17.9	10.0	–	27.9
Net profit (loss) for the year	(23.4)	23.4	59.9	59.9
Regulated provisions	91.9	–	(46.8)	45.1
Total	**874.8**	**(45.0)**	**22.6**	**852.4**

2.8. Subordinated perpetual securities – TSDI

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

The principal clauses contained in the issue terms and conditions are as follows:

• the TSDI, which have no fixed redemption date, will be redeemed at their par value only in the event of a winding-up subject to court order, a legal judgment requiring the complete disposal of the business, or early voluntary liquidation of the company other than by way of a merger or spin-off.

• redemption will be subordinated to the prior settlement in full of all the company's creditors, except for holders of participating loans granted to the company and any participating securities that may be issued by the company;

• the payment of interest may be suspended in the event that the consolidated financial statements disclose losses in excess of 25% of consolidated shareholders' equity, and if no dividend was payable for the previous financial year.

The TSDI were repackaged at the time of their issue as part of an agreement with a third party. Under this agreement, the third party, through a separate agreement entered into with the subscribers to the TSDI, undertook to redeem the TSDI after 15 years and to waive the right to interest from the sixteenth year in exchange for an initial payment by the company of €82.9 million.

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

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

The TSDI were restructured in May 1996 as follows:

• Rémy Cointreau exercised its right to redeem the TSDI from the subscribers at their par value,

• the TSDI were sold at their current value to a debt securitisation fund (FCC), which will receive the interest income up to 15 May 2006,

• the issue contract was revised, the main changes being as follows:

- the six-monthly interest paid by Rémy Cointreau will be reduced to a token amount with effect from 16 May 2006,
- the clause relating to the suspension of interest payments was cancelled,

• the agreement linking the third party company that received the initial payment with the subscribers to the TSDI was cancelled,

• as part of this restructuring, the following financial instruments, maturing in 2006, were established:

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

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

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

The provision was adjusted at year end to comply with the most recent requirements of the French Finance Act 2006 (note **2.13**).

At 31 March 2006, the TSDI are broken down as follows:

€ millions	2006	2005	2004
Principal sum borrowed	304.9	304.9	304.9
Repayments	(301.7)	(276.6)	(253.6)
Net amount	3.2	28.3	51.3
Accrued interest	10.8	10.3	9.9
Total	14.0	38.6	61.2

2.9. Convertible bonds

Océane 3.50% 2006

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

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

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

2,262 bonds were converted into new shares during the year. Since the issue date a total of 2,285 bonds have been converted or exchanged.

2.10. Other bonds

Other bonds comprise mainly the following two borrowings:

a) €175 million 7-year bond issued on 24 June 2003 with a 6.5% coupon

Upon maturity, this bond is redeemable at par.

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

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

• before 1 July 2006, in the event of a capital increase, whether for the general public or privately placed, redemption at 106.5% on a proportional basis of up to 35% of the total par value of the bonds issued,

• at any time before 1 July 2007, redemption at par plus a premium equal to the higher of the following two amounts:

(i) 1% of the principal amount redeemed,

(ii) an amount equal to the difference between: the present value on the redemption date at 103.25% plus interest calculated over the period from the redemption date to 1 July 2007. The discount rate used is the Bund interest rate on the redemption date plus 50 basis points;

• from 1 July 2007, under any circumstances, redemption of all or part of the bonds at 103.25% during 2007/2008, at 101.625% during 2008/2009, and at par during 2009/2010.

The issue contract also provides every bondholder with the right to request redemption of the bonds held at 101% in the event of:

(i) a "fundamental change" covering the possible sale or transfer of a substantial part of the assets of Rémy Cointreau, or

(ii) approval by the shareholders of a liquidation or voluntary winding-up plan of the issuer, or

(iii) Orpar and Récopart SA together holding less than one third of the voting rights in the issuer or being unable to appoint the majority of the Board of Directors for two consecutive years,

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

b) 7-year borrowing issued on 12 January 2005 for €200 million, with a 5.2% coupon

This bond is redeemable at par upon maturity.

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

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

• before 15 January 2008, in the event of a capital increase, whether for the general public or privately placed, redemption at 105.2% on a proportional basis of up to 35% of the total par value of the bonds issued,

• at any time before 15 January 2009, redemption at par plus a premium equal to the higher of the following two amounts:

(i) 1% of the principal amount redeemed,

(ii) an amount equal to the difference between: the present value on the redemption date at 102.6% plus interest calculated over the period from the redemption date to 15 January 2009 and the principal amount of the bond. The discount rate used is the Bund interest rate on the redemption date plus 50 basis points;

• from 15 January 2009, under any circumstances, redemption of all or part of the bonds at 102.6% until 15 January 2010 excluded, at 101.3% from 15 January 2010 to 15 January 2011 excluded, and at par from 15 January 2011 onwards.

The issue contract also provides every bondholder with the right to request redemption of the bonds held at 101% in the event of:

(i) a "fundamental change" covering the possible sale or transfer of a substantial part of the assets of Rémy Cointreau, or

(ii) approval by the shareholders of a liquidation or voluntary winding-up plan of the issuer, or

(iii) Orpar and Récopart SA together holding less than one third of the voting rights in the issuer or being unable to appoint the majority of the Board of Directors for two consecutive years,

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

These bonds are not subject to any security.

2.11. Loans and other financial debt

At 31 March 2006, the confirmed banking facilities available to Rémy Cointreau S.A. to finance the Group (including those falling due within one year) amounted to €500 million, corresponding in full to the banking syndicate renegotiated in June 2005 with a maturity 7 June 2010.

Banking syndicate

At 31 March 2005, Rémy Cointreau held a €500 million syndicated loan signed on 10 June 2003 for a 5 year term. This contract was cancelled in May 2005 and replaced by a new loan on 11 May 2005.

The new contract provides for a revolving facility of €500 million with a 5 year term. Amounts drawn attract interest at EURIBOR plus a margin fixed at the outset at 0.675% per year which may vary based on the "Average debt/EBITDA" ratio (ratio A) as per the following table:

Ratio A	Applicable margin
A > 4.25	0.875%
3.75 < A < 4.25	0.675%
3.25 < A < 3.75	0.525%
2.75 < A < 3.25	0.425%
A < 2.75	0.325%

Under this contract, Rémy Cointreau undertakes to comply with the following financial ratios calculated at 30 September and 31 March every year:

Period	Ratio A
Date of signature to 30/09/2006	Ratio A < 4.50
from 01/10/2006 to 30/09/2007	Ratio A < 4.00
from 01/10/2007 to 30/09/2008	Ratio A < 3.75
from 01/10/2008 to maturity	Ratio A < 3.50

At 31 March 2006, ratio A amounted to 3.91.

The facility commission on the undrawn portion of the borrowing is 37.5% of the margin applicable if A > 3.75 and 35% if A < 3.75.

This facility is not subject to any security.

2.12. Maturity analysis of debt

€ millions	Gross amount	Less than 1 year	1 to 5 years	More than 5 years
Other bonds	390.2	8.9	181.3	200.0
Loans and borrowings due to financial institutions	0.5	0.5	–	–
Loans and other financial debt	294.4	294.4	–	–
Trade notes and accounts payable	0.1	0.1	–	–
Tax and social security liabilities	0.4	0.4	–	–
Other payables	136.7	136.7	–	–
Total	822.3	441.0	181.3	200.0

2.13. Provisions

€ millions	Regulated provisions	Provisions for risks and charges	Provisions for impairment	Total
Opening balance	91.9	9.0	53.7	154.6
Charges (1)	17.3	1.5	28.0	46.8
Releases (2)	(64.1)	(3.1)	–	(67.2)
Closing balance	45.1	7.4	81.7	134.2

	(1) Charges	(2) Releases
- Operating	0.3	0.4
- Financial	28.5	0.6
- Exceptional	18.0	64.1
- Taxation		2.1
Total	46.8	67.2

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

In accordance with the recommendations of the French tax authorities, the company recorded a regulated provision. The charge for the year was €17.3 million, which corresponds to the potentially taxable capitalised future interest differential on the TSDI. In accordance with Article 23 of the French Finance Act 2006, codified into Article 238 bis-01 of the French General Tax Code, which specifies that only the last three years prior to maturity of the TSDI are subject to tax, the company released the former provisions of €64.1 million.

2.14. Accrued income

There is no balance as at 31 March 2006.

2.15. Accrued expenses

€ millions	2006
Bonds	16.0
Loans and amounts due to financial institutions	0.2
Loans and other financial debt	10.8
Trade notes and accounts payable	0.1
Tax and social security liabilities	–
Other liabilities	–
Total	27.1

3. Notes to the income statement

3.1. Analysis of services provided

Services provided totalled €15.7 million and essentially comprised services rendered to subsidiaries and sub-subsidiaries of the Rémy Cointreau Group.

The breakdown by geographic area was as follows:

France	€14.4 million
International	€1.3 million d'euro

3.2. Financial income from equity investments

Financial income from equity investments amounted to €86.4 million and related to dividends received from subsidiaries.

3.3. Exceptional income and expense

€ millions	2006
Regulated provisions (note 2.13)	46.8
Provisions for tax risks	(0.7)
Total	46.1

3.4. Income tax

A) Income tax analysis

€ millions	Profit (loss) before tax	Tax	Profit (loss) after tax
Profit (loss) on ordinary activities	13.8	–	13.8
Net exceptional income (expense)	46.1	–	46.1
Net profit (loss)	59.9	–	59.9

B) Movement in tax losses

€ millions	Base	Rate	Tax amount
Loss for the year [1]	(36.5)	–	–
Deferred capital allowances	–	–	–
Losses carried forward	(36.5)	–	–
Losses brought forward still outstanding	(232.6)	–	–

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

C) Increases and reductions in future tax liabilities

€ millions	Base	Rate	Tax amount
Reductions			
Non-deductible provisions at 31 March 2006	25.4	34.4	8.7

3.5. Tax grouping

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

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

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

4. Other information

4.1. Related party transactions

€ millions	Amounts concerning related parties	Amounts concerning equity investments
Investments		
Other equity investments (gross amount)	1,427.6	2.4
Receivables relating to equity investments	5.0	0.1
Receivables		
Other receivables	591.3	–
Liabilities		
Other liabilities	311.3	–
Financial income		
Income from equity investments	86.4	
Interest income	17.8	–
Financial expense		
Interest expense	5.6	–
Operating income	15.7	–
Operating expenses	20.2	–
Exceptional income	–	–
Exceptional expense	–	–

4.2. Off-balance sheet commitments

A) Financial commitments

The financial instruments hedging the TSDI (note **2.8**) are reported as off-balance sheet commitments.

Other commitments:

€ millions	2006
Banking commitments	
Various guarantees on credit facilities	2.8
Guarantees for 25 % Maxxium's debt [1]	27.0
Tax commitments	
Tax guarantees [2]	10.3

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

[2] Bank guarantees given to the tax authorities represent guarantees for disputed tax assessments following requests for deferral of payment.

B) Equity SWAP contract

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

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

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

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

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

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

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

4.3. Sale of treasury shares

At the beginning of the year, Rémy Cointreau held 30,000 treasury shares included under "Other financial assets". During the year, these treasury shares were transferred to the same financial institution as the liquidity contract (point **2.1**).

At 31 March 2006, 24,700 treasury shares valued at €1 million are shown as a credit on the liquidity account. A gain of €0.5 million recorded on these shares was posted to net financial income (expense).

4.4. Stock options

Information relating to stock options and issue of bonus shares is provided in the Directors Report.

4.5. Shares available for stock option plans

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

The sale with repurchase option enabled Rémy Cointreau to meet its commitments regarding shares for stock options granted to certain employees (plan 12 for 284,000 shares and plan 13 for 37,503 shares) as required by Article L. 225-179 of the French Commercial Code which specifies that as from the end of the lock-in period of the plans, the company must be in a position to deliver the shares to the employees. This sale also enabled the company to limit the dilution arising from the stock options (plan 10 for 280,927 shares). This transaction was approved by the French financial markets authority ("AMF") on 8 March 2005.

Also, Rémy Cointreau met its commitments under stock option plan 13 following a purchase of 224,497 stock options on its own shares.

In February 2006 Rémy Cointreau exercised its stock option in respect of 280,927 shares under plan 10. The corresponding shares have been cancelled.

5. Post-balance sheet events

There are no items to report that would be likely to have a material impact on the interpretation of the financial statements for the year ended 31 March 2006.

6. List of subsidiaries and equity investments at 31 March 2006

In currency thousands

Company	Currency	Share capital Currency	Other shareholders' equity Currency	Share of capital held %	Net book value of capital held Euro	Impairment provisions Euro	Dividends received Euro	Prior year net sales Currency	Profit after tax Currency	Year-end date	Loans and advances granted Euro
A) French											
Rémy Martin & Cie	EUR	6,725	164,686	100.00%	381,708	–	30,002	–	12,090	31/03/06	408,468
Seguin & Cie	EUR	661	9,624	100.00%	7,633	–	149	–	809	31/03/06	–
Financière RC	EUR	10,000	2,224	100.00%	10,000	–	–	1,314	104	31/03/06	17,774
Cointreau SA	EUR	4,037	120,013	100.00%	89,103	–	13,499	–	11,621	31/03/06	103,728
Piper Heidsieck C.C.	EUR	32,115	224,839	100.00%	326,280	–	–	1,355	501	31/03/06	–
Ducs de Gascogne	EUR	1,002	2,252	30.00%	1,144	–	–	15,206	14	31/12/05	–
Rémy Cointreau Services	EUR	500	–222	100.00%	500	–	–	–	–44	31/03/06	1,074
RC One	EUR	37	456	100.00%	37	–	250	10,021	284	31/03/06	–
RFBV	EUR	161	18,907	100.00%	58,000	28,000	–	–	920	31/03/06	–
Other French subsidiaries	EUR	–	–	–	213	213	–	–	–	–	–
Total gross value					874,618	28,213	43,900				531,044
B) Foreign companies											
Rémy Suisse	CHF	13,550	47,349	99.99%	11,515	–	21,000	–	2,679	31/03/06	–
R. Concord Ltd	HKD	265,825	388	99.99%	31,829	–	2,747	–	32,656	31/03/06	–
Lucas Bols NV	EUR	5,000	69,541	100.00%	511,044	52,300	4,445	–	4,453	31/03/06	–
Other foreign subsidiaries	EUR	–	–	–	1,054	67	–	–	–	–	–
Total gross value					555,442	52,367	28,192				–
Total gross value (A + B)					1,430,060	80,580	72,092				531,044
Total net value					1,349,480	–	–				–

Reports of the Statutory Auditors

General report

Year ended 31 March 2006

(Free translation of the French original)

To the Shareholders of Rémy Cointreau,

In performance of the assignment entrusted to us by your General Meetings, we hereby present our report for the year ended 31 March 2006 on:

• The audit of the financial statements of Rémy Cointreau as attached to this report,

• The basis for our opinion, and

• The specific verifications and information required by law.

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

1. Opinion on the financial statements

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

In our opinion, the financial statements give a true and fair view of the Company's financial position and its assets and liabilities at 31 March 2006 and of the results of its operations for the year then ended, in accordance with generally accepted accounting principles in France.

2. Basis of our opinion

Pursuant to the provisions of article L.823-9 of the French Commercial Code, we have also considered the approach used to determine the amount of provisions established, relating to the basis for our opinion, we draw the following items to your attention:

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

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

3. Specific verification and information

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

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

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

Neuilly-sur-Seine and Paris, June 12, 2006

The Statutory Auditors

Auditeurs et Conseils Associés	Barbier Frinault & Autres
Member of Nexia International	Ernst & Young
François Mahé	Richard Olivier

SPECIAL REPORT OF THE STATUTORY AUDITORS ON CERTAIN RELATED PARTY TRANSACTIONS

YEAR ENDED 31 MARCH 2006

(Free translation of the French original)

To the Shareholders of Rémy Cointreau,

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

1. AGREEMENTS AUTHORISED DURING THE YEAR

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

We are not required to ascertain whether any other contractual agreements exist but to inform you, on the basis of the information provided to us, of the terms and conditions of agreements indicated to us. It is not our role to comment as to whether they are beneficial or appropriate. It is your responsibility, under the terms of Article 92 of the March 23, 1967 Decree, to evaluate the benefits resulting from these agreements prior to their approval.

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

1.1. Assistance and advice agreement with Antarès

Person concerned:

Mr Guy Le Bail, Member of the Board of Directors

Antares acted for Rémy Cointreau providing assistance and advice concerning the disposal of the Bols and Bokma brands and of other local brands, Pisang Ambon, Galliano and Vaccari. Fees were fixed at 1.1% (excluding VAT) of the net sale price after deduction of the Deloitte Finance success fees.

As the fees owed to Antares depend on the conclusion of the deal, no fees have been paid during the year. The disposal of the brands was concluded in April 2006. The fees relating to this agreement amount to €1,020,000 and were paid in April 2006.

1.2. Guarantees given by Rémy Cointreau in favour of Group companies taking part in the assets disposal in The Netherlands

Persons concerned:

Mrs Dominique Hériard Dubreuil, Chairman of the Board of Directors

Mr Jean-Marie Laborde, Chief Executive Officer

As part of the disposals of the intangible and tangible assets relating to the brands Bols, Bokma and other local brands, Pisang Ambon, Galliano and Vaccari, Rémy Cointreau gave, on the one hand, a general guarantee that its subsidiary, DELB, will respect its obligations according to the hire purchase agreement, and on the other hand, guarantees to bear all settlement differences between Group companies taking part in the asset disposal operation according to the guarantee payment agreement, from the moment that the buyer himself will respect its seller credit payments obligations.

2. AGREEMENTS APPROVED DURING PRIOR YEARS THAT WERE EXECUTED DURING THE YEAR

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

2.1. Agreement with Orpar

The meeting of the Board of Directors of 13 December 2000 authorised the signing of a rider to the management and general support agreement signed on 7 December 1999 with Orpar. This agreement provides for an annual flat fee of €1,829,388 excluding taxes, plus an amount equivalent to 1/1000 of the consolidated sales.

During the financial year to 31 March 2006, the total charge, excluding taxes, borne by Rémy Cointreau S.A. was €2,704,388.

2.2. Cash management agreement between Rémy Cointreau and Orpar

This cash management agreement states that loans granted by Orpar to Rémy Cointreau through advances via a current account bear interest based on Euribor 3 months adjusted plus a 0.60% margin.

For the year ended March 31, 2006, the total amount of interest paid by Rémy Cointreau to Orpar was €64,346.

2.3. Marketing and management support agreement with the companies owning the brands

The amounts arising from the application of the marketing and management support agreements, calculated on the basis of 2.2% of 2005/06 sales, were as follows :

	Amount (exc. taxes)
CLS Rémy Cointreau	€12,016,840
Champagnes P&C Heidsieck	€2,230,074

2.4. Agreement between Rémy Cointreau and Maxxium Worldwide B.V.

The Board of Directors meeting of June 10, 2003 authorised entering into a variety of loans and guarantees in favour of Maxxium Worldwide B.V. The different options under these agreements are reviewed each year and approved by the Board of Directors meeting. The Board of Directors meeting of November 2, 2005 approved the conditions of these authorisations:

• A shareholder loan granted in favour of Maxxium Worldwide B.V. by Rémy Cointreau for a maximum principal amount of €15 million. The €15 million credit line was not utilised during the year.

• Rémy Cointreau gave a guarantee on Maxxium Worldwide B.V. for a maximum principal amount of €60 million covering the payments obligations towards certain lenders regarding a loan of an amount of €240 million. This guarantee is linked by a subordination agreement to the credit agreement entered into by Maxxium Worlwide B.V.

• A guarantee in favour of Maxxium Worldwide B.V. for a maximum principal amount of €17,500,000 covering the obligations of Maxxium Worldwide B.V. towards certain banks concerning a guarantee given by this company in favour of its subsidiaries for which these banks granted a loan. This guarantee is linked by a subordination agreement to the credit agreement entered into by Maxxium Worlwide B.V.

3. Agreements not approved beforehand

In our capacity as your Company's Statutory Auditors, we hereby present our report on agreements corresponding to Article L. 225-42 of French Company Law (Code de Commerce).

In accordance with Article L. 823-12 of French Company Law (Code de Commerce), we bring to your attention that these agreements have not been approved prior to the Board Directors meetings.

We require, on the basis of the information provided to us, to inform you of the terms and conditions of these agreements and reasons of circumstances why the authorisation process has not been followed, without having to comment as to whether they are beneficial or appropriate. It is your responsibility, under the terms of Article 92 of the March 23, 1967 Decree, to evaluate the benefits resulting from these agreements to their approval.

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

Transfer of the Rémy Finance B.V. shares by Rémy (Suisse) S.A. in favour of Rémy Cointreau S.A.

Person concerned:
Rémy Cointreau, holding more than 10% of the voting rights

The Board Directors meeting of April 29, 2005 authorised the transfer as at 31 March 2005 by Societe Rémy Suisse SA of the Rémy Finance BV shares in favour of Rémy Cointreau SA for an amount of €58 million.

This timing difference relates to a simple omission.

Neuilly-sur-Seine and Paris, June 12, 2006

The Statutory Auditors

Auditeurs et Conseils Associés
Member of Nexia International

François Mahé

Barbier Frinault & Autres
Ernst & Young

Richard Olivier

4. Corporate Governance

4.1. Management Board and Supervisory Board

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

Composition of the Board of Directors

Chairman

Mrs Dominique Hériard Dubreuil
French national
Date first appointed: 7 September 2004
Date appointment expires: AGM to consider the financial statements for the year 2008
Professional address: Rémy Cointreau
21, boulevard Haussmann - 75009 Paris - France

Mrs Dominique Hériard Dubreuil is a Public Relations graduate of IRPCS and has been a Director of the Company since December 1991. She was in particular Chairman of the Board of Directors of Rémy Cointreau from 1998 to 2000 and subsequently Chairman of the Management Board from 2000 to 2004. Mrs Dominique Hériard Dubreuil is a member of the MEDEF Executive Committee.
Mrs Dominique Hériard Dubreuil is a Knight Officer of the Legion of Honour.

Principal appointment outside the Company:
Managing Director of Andromède SAS

Other appointments:
Director of Orpar S.A.
Chairman of Board of Directors de VINEXPO OVERSEAS SAS
Director of Vinexpo SAS
Director of Baccarat S.A.
Director of CEDC
Director of STORA ENSO Oyj

Appointments within the Rémy Cointreau Group:
Chairman of E. Rémy Martin & C° SAS
Director of Unipol BV
Supervisory Director of Erven Lucas Bols NV
Director of Rémy Concord Ltd
Director of Rémy Pacifique Ltd
Director of Rémy Finance BV
Chairman of Rémy Cointreau Amérique Inc

Mr. François Hériard Dubreuil
French national
Date first appointed: 7 September 2004
Date appointment expires: AGM to consider the financial statements for the year 2006
Professional address: ORPAR
123, avenue des Champs-Élysées
75008 Paris - France

Mr. François Hériard Dubreuil holds a Masters' Degree in Science from the University of Paris and an MBA from INSEAD. He has been a Director of the Company since 1991. He was in particular Chairman of Rémy Martin from 1984 to 1990 and Chief Executive Officer of Rémy Cointreau from 1990 to 2000, then Chairman of the Supervisory Board from 2000 to 2004. Mr. François Hériard Dubreuil is a member of the INSEAD French Council and a Director of the INSEAD Foundation.

Principal appointment outside the Company:
Chairman and Chief Executive Officer of Orpar S.A.

Other appointments:
Managing Director of Andromède SAS
Chairman of the Board of Récopart S.A.
Vice-Chairman and Deputy Managing Director of OENEO S.A.
Chairman of Financière de Nonac SAS
Chairman of Grande Champagne Patrimoine SAS
Director of Dynasty Fine Wines Group Ltd
Director of Shanghai Shenma Winery Co Ltd

Mr. Marc Hériard Dubreuil
French national
Date first appointed: 7 September 2004
Date appointment expires: AGM to consider the financial statements for the year 2007
Professional address: ORPAR
123, avenue des Champs-Élysées
75008 Paris - France

Mr. Marc Hériard Dubreuil is a graduate of ESSEC and has been a Director of the Company since December 1991, after beginning his professional experience with General Food and Leroy Somer. He has notably been Chairman of Rémy Martin and Rémy & Associés, then Chief Executive Officer of Rémy Cointreau from 1990 to 2000.

Principal appointment outside the Company:
Chairman and Chief Executive Officer of OENEO S.A.

Other appointments:
Managing Director of Andromède SAS
Vice-Chairman, Deputy Managing Director and Director of Orpar S.A.
Member of the Management Board of Récopart S.A.
Chairman of LVLF SAS
Manager of SARL Marchadier Investissement
Director of Trinity Concord International Ltd
Director of TC Holding Limited

Mr. Pierre Cointreau
French national
Date first appointed: 7 September 2004
Date appointment expires: AGM to consider the financial statements for the year 2006
Professional address: Cointreau S.A.
BP 79 - Carrefour Molière
49181 St-Barthélémy-d'Anjou - France

Mr. Pierre Cointreau has been an industrialist and an entrepreneur since 1950. He is a former socio-economic adviser, a former member of the Economic and Social Council of the Pays-de-Loire region and the Honorary Chairman of the Chamber of Commerce of Angers and of the Anjou Trade Show. Mr. Pierre Cointreau is the Honorary Mayor of Montreuil-sur-Loire. He is the Chairman of the Supervisory Board of Récopart, which holds 13.83 % of Rémy Cointreau S.A. and has been a Director of the Company since December 1991. Mr. Pierre Cointreau is a Knight Officer of the Legion of Honour and of the National Order of Merit.

Principal appointment outside the Company:
Chairman of the Supervisory Board of Récopart S.A.

Other appointments:
Director of GIE Rémy Cointreau Services
Chairman of Cointreau SASU
Chairman of Izarra SASU
Chairman of Société Armagnacaise de Production SASU

Mr. Patrick Duverger
French national
Date first appointed: 7 September 2004
Date appointment expires: AGM to consider the financial statements for the year 2008
Professional address:
8, rue des Bouleaux - 78450 Chavenay - France

Mr. Patrick Duverger is a former student of École Polytechnique and an engineer who graduated from the École des Mines. He was in particular the Chief Executive Officer of Société Générale from 1997 until his retirement in 2000. He has been a Director of the Company since October 1998.

Principal appointment outside the Company:
Member of the Supervisory Board of AVIVA France

Other appointments:
Director of AVIVA Participations
Director of Faurecia
Director of Soparexo

Mr. Brian Ivory
British national
Date first appointed to the Board of Directors: 7 September 2004
Date appointment expires: AGM to consider the financial statements for the year 2008
Professional address:
12, Ann Street - EH4 1PJ Edinburgh - Scotland

Mr. Brian Ivory is a chartered accountant and holds a Master of Arts Degree from the University of Cambridge. He has been a Director of a number of listed companies in the United Kingdom since 1978, including currently HBOS plc and The Scottish American Investment Company plc. Mr. Brian Ivory has been a Director of Orpar, Rémy Cointreau S.A. parent company, since January 2003. He has been a Director of the Company since November 1991.

Principal appointment outside the Company:
Director of HBOS plc

Other appointments:
Director of Orpar
Chairman of The Scottish American Investment Company plc
Chairman of National Galleries of Scotland

Mr. Jürgen Reimnitz
German national
Date first appointed: 7 September 2004
Date appointment expires: AGM to consider the financial statements for the year 2006
Professional address: Commerzbank AG
Kaiserplatz - D 60261 Frankfurt Am Main - Germany

Mr. Jürgen Reimnitz is a graduate of the Commerzbank Administration College. He has held various positions within Commerzbank in Spain, France, the US and Germany. He was a member of the Board of Directors of Commerzbank from 1973 to 1995 and was subsequently a member of its Advisory Committee until 2002. He held various positions as a member of the Central Capital Market Committee of the Bundesbank from 1976 to 1994. Mr. Jürgen Reimnitz has been a Director of the Company since December 1991.

Principal appointment outside the Company:
Chairman of the Supervisory Board of Air Liquide Deutschland GmbH (Düsseldorf)

Other appointments:
Chairman of the Finance Committee of the International Chamber of Commerce (ICC), Paris
Vice-Chairman of the ICC Germany, Cologne
Director of Bongrain S.A.
Member of the Advisory Committee of Fitch International (London, New York)
Member of the UN Investment Committee, New York

Mr. Guy Le Bail
French national
Date first appointed: 7 September 2004
Date appointment expires: AGM to consider the financial statements for the year 2006
Professional address: ORPAR
123, avenue des Champs-Élysées
75008 Paris - France

Mr. Guy Le Bail is a chartered accountant. He began his professional career working with accountancy firms. He has held numerous positions with financial and fiscal responsibilities since 1975 within Rémy Martin, then within the Rémy Cointreau Group, including the position of Group Financial Director. Mr. Guy Le Bail has been a Director of the Company since September 2001.

Principal appointment outside the Company:
Director of Orpar S.A.

Other appointments:
Permanent representative of Orpar to the Supervisory Board of Recopart S.A.
Director of OENEO S.A.
Member of the Supervisory Board of Transmed S.A.
Member of the Supervisory Board of GVG S.A.
Chairman of Antares SAS
Chief Executive Officer of GCP SAS
Manager of SCI Le Boi
Manager of SCI Le Boi d'Antares

Mr. Xavier Bernat
Spanish national
Date first appointed: 7 September 2004
Date appointment expires: AGM to consider the financial statements for the year 2006
Professional address: CHUPA CHUPS S.A.
WTC Almeda Park 2, Pl. de la Pau - S/N
08940 Cornellá, Barcelona, Spain

Mr. Xavier Bernat holds a BA from ESADE in Barcelona and an MBA from IESE in Barcelona. He began his career in 1972 with Chupa Chups S.A., becoming its Chief Executive Officer in 1991, then Chairman and Chief Executive Officer in 1998. He became a member of the Supervisory Board of the Company in March 2003.

Principal appointment outside the Company:
Chairman of Chupa Chups S.A.

Other appointments:
Member of the Advisory Committee of Rabobank (Spain)
Director of Calidalia S.A.
Advisor of CONWAY S.A.

Mr. Håkan Mogren
Swedish national
Date first appointed: 7 September 2004
Date appointment expires: AGM to consider the financial statements for the year 2007
Professional address: INVESTOR AB
Arsenalsgatan 8C - SE-103 32 Stockholm - Sweden

Mr. Håkan Mogren is a Doctor of Science in Biotechnologies. Over the past five years, he has notably been Chairman of Affibody from 1998 to 1999, Chairman and

Chief Executive Officer of Astra AB and a Director of Reckitt Benckiser Plc. He became a member of the Supervisory Board of the Company in March 2003.

Principal appointment outside the Company:
Vice-Chairman of ASTRAZENECA plc

Other appointments:
Vice-Chairman of Gambro AB
Director of Norsk Hydro ASA
Director of Danone
Director of Investor AB

Mr. Jean Burelle
French national
Date first appointed: 3 June 2005
Date appointment expires: AGM to consider the financial statements for the year 2007
Professional address: Burelle S.A.
1, rue François-1er - 75008 Paris - France

Mr. Jean Burelle is a graduate of the Federal Institute of Technology in Zurich and holds an MBA from Harvard. He was in particular Chairman and Chief Executive Officer of Compagnie Plastic Omnium from 1987 to 2001 and a Director of the French-German and French-American Chambers of Commerce for several years. He has been Chairman and Chief Executive Officer of Burelle S.A. since 2001 and a member of several MEDEF committees. He was appointed Chairman of MEDEF International in November 2005. Mr. Jean Burelle is a Knight of the Legion of Honour and a Knight Officer of the National Order of Merit. He has been a Director of the Company since June 2005.

Principal appointment outside the Company:
Chairman and Chief Executive Officer of Burelle S.A.

Other appointments:
Honorary Chairman and Director of Compagnie Plastic Omnium
Director of Essilor International and Chairman of the Director Committee
Chairman of Sycovest 1
Chairman of MEDEF International
Director of la SOPAREXO (SCA)
Member of the Supervisory Board of Financière HR (SCA)
Member of the Supervisory Board of EM Lyon (AESCRA)

Number of independent Board Directors: 5
- Mr. Xavier Bernat,
- Mr. Jean Burelle,
- Mr. Patrick Duverger,
- Mr. Håkan Mogren,
- Mr. Jürgen Reimnitz.

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

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

No censor has been nominated.

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

Executive Officer and Executive Committee

On 7 September 2004, the Board of Directors elected to split the positions of Chairman of the Board and Chief Executive Officer in accordance with Article L. 225-51-1 of the Commercial Code. Jean-Marie Laborde was appointed as Chief Executive Officer on 7 September 2004.

Mr. Jean-Marie Laborde, a French national, holds a Masters' Degree in Economics from the University of Bordeaux and an MBA from the Institut Supérieur des Affaires (HEC/ISA). Mr. Jean-Marie Laborde was notably Chairman and Chief Executive Officer of Ricard from 1984 to 1996 and Chairman and Chief Executive Officer of Moët et Chandon from 1996 to 2003. He subsequently became General Manager of the wine division of Worms & Cie. He joined the Rémy Cointreau Group in September 2004. Mr. Jean-Marie Laborde is a member of a number of professional organisations. He is a Knight of the Legion of Honour, a Knight of the National Order of Merit and a Knight Officer of the Order of Arts and Humanities.

The Chief Executive Officer is assisted by an Executive Committee comprising the following members:
- Mr. Jean-François Boueil, Group Human Resources Manager,
- Mr. Hervé Dumesny, Group Finance Director,
- Mr. Damien Lafaurie, Operations Manager,
- Mr. Christian Liabastre, Strategy and Brand Development Manager,
- Mr. Hans Savonije, Markets Manager.

The Groups' Directors have had no convictions for fraud, no Director has been party to bankruptcy, no assets of the Company have been impounded or liquidated and no Director received any official incrimination or public penalty nor statutory bar to act or to intervene in the conduct of the Company's business.

To the best of Rémy Cointreau's knowledge:

- There were no convictions for fraud over the last five years against any member of the Board of Directors or the Chief Executive Officer;
- Neither the Chief Executive Officer nor any member of the Board of Directors have been party, over the past five years, to a bankruptcy, nor were assets impounded or liquidated while being a member of an administrative, management or supervisory body or as Chief Executive Officer;
- No official incrimination and/or public penalty was incurred against any member of the Board of Directors or the Chief Executive Officer by statutory and regulatory authorities, including designated professional bodies. Thus, neither the Chief Executive Officer nor any member of the Board of Directors were subject to any statutory bar to act or to intervene in the management or the conduct of the business of an issuing company over the past five years.

Nature of any family relationship

Messrs François and Marc Hériard Dubreuil are Mrs Dominique Hériard Dubreuil's brothers.

Absence of any potential conflicts of interests

To the best of Rémy Cointreau's knowledge, there are no potential conflicts of interests between the duties toward the issuer and the private interests and/or other duties of any members of the Board of Directors or the Chief Executive Officer.

Service contract binding members of the administrative and governing bodies

Neither the Chief Executive Officer nor any members of the Board of Directors are bound to Rémy Cointreau nor to any of its subsidiaries by a service contract providing for the granting of benefits at the end on such contracts, except for a service providing contract concluded on 21 February 2006 between Rémy Cointreau and Antarès SAS, controlled by Mr. Guy Le Bail, a Director of Rémy Cointreau. The object of this contract, which was previously approved by the Board of Directors of Rémy Cointreau on 20 February 2006, relates to financial, tax and legal assistance and consultancy services during negotiations on the disposal of the following brands: Bols, Bokma and other local brands, Pisang Ambon, Galliano and Vaccari which belonged to foreign subsidiaries of Rémy Cointreau. The remuneration conditions of the service providing contract are detailed in the Statutory Auditors' Special Report.

Operation of the corporate bodies and executive management

The Chief Executive Officer reports to the Board of Directors.

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

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

Between 1 April 2005 and 31 March 2006, the Board of Directors met nine times with 83% attendance.

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

Committees established within the Board of Directors

The four committees established within the Board of Directors are mentioned in the report of the Chairman of the Board of Directors to the Combined General Meeting.

4.2. Statutory auditors' appointments and fees

Current appointments

Principal Statutory Auditors

Practice	Barbier Frinault & Autres 41, rue Ibry 92576 Neuilly-sur-Seine	Auditeurs et Conseils Associés 33, rue Daru 75008 Paris
Represented by	Richard Olivier	François Mahé
Date first appointed	22/09/1988	26/09/1990
Date appointment renewed	24/08/2000	03/09/2002
Date appointment expires	AGM to consider the financial statements for the year 2006	AGM to consider the financial statements for the year 2008

Alternate Statutory Auditors

Incumbent	Jean Autissier	Geneviève Dionis du Séjour
Date first appointed	24/08/2000	03/09/2002
Date appointment expires	AGM to consider the financial statements for the year 2006	AGM to consider the financial statements for the year 2008

Fees paid to the Statutory Auditors

	Barbier Frinault & Autres (Ernst & Young network)		Auditeurs & Conseils Associés	
	Amount		Amount	
€ thousands	2006	2005	2006	2005
Audit				
Statutory audit, review of individual and consolidated financial statements	730	660	90	112
Related assignments	176	15	20	–
Sub-total	905	675	110	112
Other services				
Other	–	273	–	–
Sub-total	–	273	–	–
Total	905	948	110	112

Other services primarily relate to the transition to IFRS.

4.3. Report of the Chairman of the Board of Directors

(Article L. 225-37 of the Commercial Code)

Dear Shareholders,

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

Conditions of preparation and organisation of the duties of your Board of Directors

Internal regulations

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

In compliance with these principles, at a meeting on 8 December 2004, the Board elected to set out clearly its internal rules and its relationship with Executive Management. The Board of Directors updated its internal rules on 5 December 2005. The update was made necessary by legal amendments.

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

Composition of the Board

It should be noted that Rémy Cointreau's Board of Directors comprises 11 members and that at least 30% of them should be, if possible, independent members. A list of all Board Members, as well as their other appointments can be found in this "Corporate Governance" chapter.

All Board members have profound and multi-disciplinary experience of the business world and international markets. An evaluation on them was made throughout the year as they participated in Board and Committee meetings. At its meeting on 6 June 2006, the Board of Directors decided to formalise the performance assessment method of Board of Directors' members.

The choice of independent members is subject to preliminary recommendations from the "Nomination – Remuneration" Committee. The Board of Directors is regularly updated on the independence of the members. The criteria selected in this respect are reviewed at least once a year. Generally, a director is considered independent when he/she does not have a relationship of any kind with the Company, the Group or its management that may affect his/her freedom of judgment.

Transparency rules

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

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

Each director must hold a minimum of 100 shares.

The Company communicates with the AMF and publicises, through press releases, transactions in financial instruments carried out and disclosed by its management, on an individual and nominative basis, within 5 trading days following receipt of disclosure of these transactions.

The directors, the Chief Executive Officer and the members of the Executive Committee have been informed of the new provisions introduced in that respect by Article L. 621-18-2 of the Monetary and Financial Code and Articles 222-14 and 222-15 of the General Regulations of the Autorité des Marchés Financiers. Directors must now directly declare to the Autorité des Marchés Financiers, within five days following the transaction, any acquisition, disposal, subscription or exchange of capital securities of the Company, as well as all transactions carried out on related financial instruments. In addition to Board members and the Chief Executive Officer, this rule applies to all individuals or corporate entities related to them in accordance with applicable regulations. Therefore, transactions carried out by their spouses from whom they are not physically separated, by minors, by any other relative living in their house for at least a year at the date of the transaction in question or by any legal entity whose governance is under the responsibility of one of the abovementioned individuals, which is directly or indirectly controlled by one of these individuals, which was established for his/her own benefit or of which the majority of economic benefits flow to these individuals.

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

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

Frequency of meetings

It should be remembered that the Extraordinary General Meeting of 7 September 2004 decided to modify the method of management of the Company with the creation of a Board of Directors.

Article 17-1 of the bylaws provides that the Board of Directors meets as often as required in the interests of the Company. Thus, the Board of Directors met nine times during the financial year.

The schedule of Board meetings, the principal points on the agenda and attendance at these meetings were as follows:

29 APRIL 2005:
- Examination of the 2005/06 budget;
- Approval of the signing by Rémy Cointreau S.A., as a borrower, of a syndicated credit agreement for €500 million in order in particular to refinance the syndicated credit of 10 June 2003;
- Disposal of the main production site in Greece by the Metaxa company;
- Implementation of the transactions of Treasury share disposal and purchase of optional cover for share option plans;
- Full disposal of the share capital of Rémy Finance BV by Rémy (Switzerland) S.A. to Rémy Cointreau S.A.

Attendance rate: 80%

3 JUNE 2005:
- Approval of Company financial statements for the 2004/05 financial year; report by the "Audit and Finance" Committee;
- Examination and approval of Group consolidated financial statements at 31 March 2005; Comparative examination with budget commitments;
- Preparation and examination of management planning documents referred to in Articles L. 232-2 and L. 232-3 of the Commercial Code.

Attendance rate: 90%

28 JULY 2005:
- Signing of the €500 million, 2005/2012 syndicated credit;
- Signing of the asset disposal and distribution agreements in Poland with the Central European Distribution Corporation.

Attendance rate: 100%

11 OCTOBER 2005:
- Examination of the Group's medium-term plan, strategic options and priorities;
- Agreements reached within Maxxium following acquisitions carried out by Fortune Brands Group.

Attendance rate: 82%

2 NOVEMBER 2005:
- Negotiations pertaining to the disposal of the Bols, Bokma, Pisang Ambon, Galliano and Vaccari brand portfolio;
- Bank refinancing of Maxxium Worldwide BV.

Attendance rate: 73%

5 DECEMBER 2005:

- Examination and approval of interim consolidated financial statements at 30 September 2005; Comparative examination with budget commitments; report of the “Audit and Finance” commission;
- Examination and approval of projected management and analysis report referred to in Articles L. 232-2 and L. 232-3 of the Commercial Code.

Attendance rate: 82%

2 FEBRUARY 2006:

- Negotiations pertaining to the disposal of the Bols, Bokma, Pisang Ambon, Galliano and Vaccari brand portfolio; new guarantee provisions as counterpart to vendor credit.

Attendance rate: 55%

20 FEBRUARY 2006:

- Approval of an agreement referred to in Article L. 225-38 of the Commercial Code: service providing agreement with Antarès.

Attendance rate: 82%

2 MARCH 2006:

- Asset disposal programme;
- Draft foreign exchange exposure management charter.

Attendance rate: 100%

Notification of meetings to Board Members

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

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

Directors’ fees

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

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

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

In addition, the Board of Directors may grant exceptional remuneration for specific undertakings entrusted to members of the Board. This type of remuneration is subject to legal provisions on regulated agreements. No such remuneration was paid during the financial year.

Members of the Board of Directors are also reimbursed all expenses incurred in the course of their duties, subject to supporting documents being produced.

In the event an individual, who is linked by a work contract to the Company or to any other company controlled by or controlling the Company, is appointed Chairman of the Board, the provisions of this contract corresponding, if applicable, to compensation or benefits due or likely to be due as a result of the termination or change of these duties, or subsequently to these duties, are subject to legal provisions on regulated agreements. The same provisions apply upon the appointment of the Chief Executive Officer or Deputy Chief Executive Officer.

Board of Directors’ information

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

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

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

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

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

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

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

Location of meetings

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

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

Participating by videoconference is forbidden in respect of approval of the parent company statements and consolidated financial statements, as well as Company and Group management reports.

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

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

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

The Board of Directors' meeting of 5 December 2005 integrated in its internal rules the amendments to Article L. 225-37 of the Commercial Code made by the Law of 26 July 2005. Within the framework of regulatory conditions and subject to approval by the General Meeting of the corresponding change in the bylaws, the Board's meetings may also be held in the future through telecommunication means that allow for the identification of directors and guarantee their effective participation.

During the financial year, the Board meetings of 2 November 2005 and 20 February 2006 used videoconferencing facilities. One and two directors, respectively, attended these meetings as a result of this participation method.

Committees established within the Board of Directors

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

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

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

Committees do not interact directly with Executive Committee members, but one of the members of the Executive Committee attends committee meetings relevant to his/her function. He/she then prepares all documents necessary for the committee to perform its duties.

The Audit & Finance Committee may request interviews with Statutory Auditors without the attendance of an executive management member.

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

"AUDIT & FINANCE" COMMITTEE

Chairman: Mr. Patrick Duverger

Members: Mr. Jürgen Reimnitz
Mr. Marc Hériard Dubreuil

Number of independent members: 2

This committee met on five occasions, on 12 April, 2 June and 2 December 2005, 15 January and 1 March 2006. The attendance rate was 100%. Some of its work was carried out in the presence of the Statutory Auditors and Group Financial Controller, when the following was discussed:

- review of the annual financial statements at 31 March 2005 and forecasts at March 2006,
- review of the half-year financial statements at 30 September 2005,
- valuation and monitoring of intangible fixed assets,
- management fees,
- application of IFRS accounting standards,
- internal control procedures,
- exchange rate and interest rate risk management policy, and
- services provided between Rémy Cointreau and Orpar.

"DEVELOPMENT AND MARKETING STRATEGY" COMMITTEE

- Chairman: Mrs Dominique Hériard Dubreuil
- Members: Mr. Xavier Bernat
  Mr. Brian Ivory
  Mr. Håkan Mogren

Number of independent members: 2

This committee combines the previous Development Strategy and Marketing Strategy committees. It met on 11 October 2005, with an attendance rate of 100%. It discussed the following:

- review of the Group's major strategic options, by individual market,
- review of advertising and promotion budgets at Group level and the choice of financial investments in markets with the greatest development potential,
- review of innovative strategies for leading brands and related investments, and
- analysis of the growth prospects of various product categories in the major spirits markets

"ETHICS, ENVIRONMENT AND SUSTAINABLE DEVELOPMENT" COMMITTEE

Chairman: Mr. Guy Le Bail

Members: Mrs Dominique Hériard Dubreuil
Mr. Jürgen Reimnitz

Number of independent members: 1

This Committee met on 29 April 2005. The attendance rate was 66%. The Committee discussed the following:

- Group sustainable development policy,
- review of applicable charters within the Group,
- information on training designed to accompany the publication of the Group's charters, and
- annual communication by various Group companies of precise reports on the implementation of Group charters.

"NOMINATION AND REMUNERATION" COMMITTEE

Chairman: Mr. Brian Ivory

Members: Mr. François Hériard Dubreuil
Mr. Jürgen Reimnitz

Number of independent members: 1

This committee met four times, on 29 April, 2 June, 28 July and 10 October 2005. The attendance rate was 92%. It discussed the following:

- consideration of nominations to the Board of Directors,
- review of tools to optimise the motivation and remuneration of executive and senior management,
- remuneration of Executive Committee,
- review of the Group's share options and free share allocation policy, and
- review of supplementary pension plans.

Each committee reports its findings to the Board of Directors.

Approval of regulated agreements by the Board of Directors

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

• Full disposal of the share capital of Rémy Finance BV by Rémy (Switzerland) S.A. to Rémy Cointreau S.A.,

• Change in company management and assistance contribution rates between Rémy Cointreau S.A. and its subsidiaries,

• Authorisation of a €60 million guarantee in respect of payment obligations incurred by Maxxium Worldwide BV; authorisation of a subordination agreement in respect of the credit contract signed by Maxxium Worldwide BV; authorisation of a €17.5 million guarantee in respect of obligations contracted by Maxxium Worldwide BV to the benefit of its subsidiaries; authorisation of a subordination agreement in respect of the credit contract concluded by Maxxium Worldwide BV to the benefit of its subsidiaries; authorisation of a shareholders' loan of €60 million granted to Maxxium Worldwide BV, resulting in a €15 million commitment by Rémy Cointreau,

• Service providing agreement with Antarès, and

• Guarantees given by Rémy Cointreau S.A. on behalf of Group companies that are parties to the tangible and intangible asset disposal transaction affecting the Bols, Bokma, Pisang Ambon, Galliano and Vaccari brands.

Minutes of the Meetings

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

Internal control procedures

Definition of internal control

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

• Operational efficiency,

• Reliability and accuracy of accounting and financial information, and

• Conformity in accordance with existing laws and regulations.

The Group's internal control procedures cover both the parent company and various entities of the Group.

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

Internal control process

PLAYERS

Principal internal and external players involved in internal control.

The Executive Committee gives the main direction in respect of the procedures of the internal control it wishes to set up and provides the resources required for their implementation.

The Board of Directors – by the intermediary of the "Audit and Finance" Committee – requests the Executive Committee to report to the Board the main features of the internal control procedures implemented. The "Audit and Finance" Committee pays particularly attention to the establishment of procedures and good practices that guarantee the reliability, reporting and treatment of accounting and financial information. It also makes sure that the annual audit programme covers the major risks identified by the Group, as detailed in this document.

Internal Audit operates across the Group as well as in the shared distribution network and, where appropriate, in third parties in the event of subcontracting, both in distribution and production. Internal Audit within the financial management department reports to the Executive Committee, the management of the unit concerned and, where appropriate, to the management of the shared distribution network. Each year, the internal audit department presents a summary of the completion of the audit programme and the main findings of its assignments to the Audit & Finance Committee. Their assignments are planned following approval by the Executive Committee and the Audit & Finance Committee. They are prepared as a function of specific risks, related to a specific operation, on the basis of several criteria.

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

Functional and operational departments are in charge of implementing control procedures that are adapted to objectives set by the Executive Committee.

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

Major reference documents for internal control procedures

In addition to this organisation, the Group has delegated responsibility that defines the position of senior executive management.

The Group has also defined a human resources policy aiming at encouraging it to operate as an "integrated company". This policy is based on the respect of the basic values of listening and dialogue and on the know-how of Group personnel.

The Quality/Safety/Environment Charter enables the implementation of the Group's three priorities: product excellence, personnel safety and environmental protection.

The Responsible Consumption Charter enables the Group to assert its permanent willingness to combine good economic performance with corporate and environmental responsibility.

Relationships with suppliers are regulated by an Ethics Contract referring to the UN Global Compact commitment. It guarantees the Group that its suppliers adhere to the same values of respect for human rights, the environment and fundamental social principles.

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

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

Procedures relating to the safety of IT systems established by the IT department reinforce the Group's internal control system.

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

The foreign exchange and interest rate exposure management policy is implemented by the Group's Treasury Department. It contributes to safer cash flow transactions.

Provisions specific to the preparation of accounting and financial information

COMPANY AND CONSOLIDATED FINANCIAL STATEMENT PREPARATION PROCEDURES

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

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

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

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

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

PLANNING PROCESS AND BUDGETARY CONTROL

The strategic planning and budgetary control process is part of internal control. This process includes the preparation of a medium term plan, a budget and a number of updates per year. The principles and restatements of preliminary data are the same as those used for closing. Hyperion is also used for reporting purposes, consolidation and the central restatement of preliminary data.

Outlook for 2006/07

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

Limitations on the powers of the Chief Executive Officer

On 7 September 2004, the Board elected to split the positions of Chairman of the Board and Executive Officer. Therefore, Executive Management is under the responsibility of the latter.

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

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

- granting sureties, pledges and guarantees, except in the conditions provided below,
- making acquisitions, transferring property titles or exchanging goods or property and making investments of more than €10,000,000 per transaction,
- concluding any investment or business agreement in common with other companies, be they French or foreign,
- granting to any already registered company a contribution in cash, in kind, in property or in enjoyment in excess of €10,000,000 per transaction,
- making the Company a party to any economic grouping or other, businesses, partnerships, in France or abroad, by means of creation or by assisting their creation, by subscribing or contributing cash or benefits in kind, by purchasing shares, rights of ownership or other securities, and generally, under any form and for an amount in excess of €10,000,000,
- transferring ownership of investments for amounts in excess of €10,000,000 per transaction,
- granting loans, credit and advance payments to corporate bodies outside the Rémy Cointreau Group for an amount in excess of €10,000,000 per borrower, and
- signing any loan or obtaining credit facilities, with or without pledges or other securities on Group assets, for an amount in excess of €46,000,000 during one financial year.

In addition, the Board of Directors on 3 June 2005 authorised for one year the Chief Executive Officer to grant sureties, pledges and guarantees up to an overall maximum amount of €46,000,000. Any commitment exceeding this overall limit requires specific approval from the Board.

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

These authorisations were renewed for a year by the Board of Directors' meeting on 6 June 2006.

The Chief Executive Officer has also established an Executive Committee whose composition was submitted for approval by the Board. The task of this Executive Committee is to continuously assist the Chief Executive Officer with operational matters, both in terms of decision-making and implementation. The members of the Executive Board are listed in Chapter 4.1 of this report.

4.4. Statutory Auditors' report on the report prepared by the Chairman of the Board of Directors

PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMPANY LAW (CODE DE COMMERCE), ON THE INTERNAL CONTROL PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION.

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

To the Shareholders,

In our capacity as statutory auditors of Rémy Cointreau, and in accordance with article L. 225 235 of the French Company Law (Code de commerce), we report to you on the report prepared by the Chairman of your company in accordance with article L. 225-37 of the French Company Law (Code de commerce) for the year ended March 31, 2006.

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

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

We performed our procedures in accordance with professional guidelines applicable in France. These require us to perform procedures to assess the fairness of the information set out in the Chairman's report on the internal control procedures relating to the preparation and processing of financial and accounting information. These procedures notably consisted of:
- obtaining an understanding of the objectives and general organisation of internal control, as well as the internal control procedures relating to the preparation and processing of financial and accounting information, as set out in the Chairman's report;
- obtaining an understanding of the work performed to support the information given in the report.

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

Neuilly-sur-Seine and Paris, June 12, 2006

The Statutory Auditors

Auditeurs et Conseils Associés
Member of Nexia International
François Mahé

Barbier Frinault & Autres
Ernst & Young
Richard Olivier

4.5. Directors' gross remuneration at 31 March 2006

2005/06 financial year

€	Duration of office	Fixed remu-neration	Variable remuneration including 2003/2004 FY bonus	2004/2005 FY profit sharing	Benefits in kind	2004/2005 FY Director's fees	Total
Board of Directors							
Dominique Hériard Dubreuil*	12 months	–	–	–	–	22,545 **	22,545
		–	–	–	–	24,000	24,000
François Hériard Dubreuil*	12 months	–	–	–	–	24,000	24,000
Marc Hériard Dubreuil*	12 months	–	–	–	–	24,000	24,000
Pierre Cointreau	12 months	–	–	–	–	24,000	24,000
Patrick Duverger	12 months	–	–	–	–	30,000	30,000
Brian Ivory	12 months	–	–	–	–	29,000	29,000
Jurgen Reimnitz	12 months	–	–	–	–	24,000	24,000
Guy Le Bail	12 months	–	–	–	–	24,000	24,000
Alain Bodin	–	–	–	–	–	5,000	5,000
Gérard Epin	–	–	–	–	–	8,000	8,000
Xavier Bernat	12 months	–	–	–	–	24,000	24,000
Hakan Mogren	12 months	–	–	–	–	24,000	24,000
Jean Burelle	12 months	–	—	–	–	–	–
Chief Executive Officer							
Jean-Marie Laborde	12 months	483,979	195,834	15,311	6,096	–	701,220
		483,979	195,834	15,311	6,096	286,545	987,765

** Companies that control Rémy Cointreau paid the following gross remuneration to directors of the Company in respect of the 2005/06 financial year: Dominique Hériard Dubreuil: €215,230, François Hériard Dubreuil: €207,665, Marc Hériard Dubreuil: €226,269.*

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

The Chief Executive Officer benefits from a bonus calculated on his basic fixed salary, which varies between 0 and 62% and of which 60% is a function of quantitative criteria based on Group results and 40% qualitative criteria based on individual performance. In addition, the Group's Chief Executive Officer would receive additional redundancy compensation for an amount equal to a year and a half of his last annual gross remuneration, in the event his departure originates from his employer.

The Group's Chief Executive Officer and three directors benefit from additional retirement benefits, taken out with an insurance company, of between 8-15% of their last annual remuneration, depending on whether they are employees of the Group and on their age upon leaving the Company. This commitment is evaluated and recognised under retirement commitments.

2004/05 financial year

€	Duration of office	Fixed remu-neration	Variable remuneration including 2003/2004 FY bonus	2004/2005 FY profit sharing	Benefits in kind	2004/2005 FY Director's fees	Total
BOARD OF DIRECTORS							
DOMINIQUE HÉRIARD DUBREUIL*	12 MONTHS	–	–	–	–	22,545 **	22,545
FRANÇOIS HÉRIARD DUBREUIL*	12 MONTHS	–	–	–	–	22,545	22,545
MARC HÉRIARD DUBREUIL*	12 MONTHS	–	–	–	–	22,545	22,545
PIERRE COINTREAU	12 MONTHS	–	–	–	–	22,545	22,545
PATRICK DUVERGER	12 MONTHS	–	–	–	–	22,545	22,545
BRIAN IVORY	12 MONTHS	–	–	–	–	22,545	22,545
JURGEN REIMNITZ	12 MONTHS	–	–	–	–	22,545	22,545
GUY LE BAIL	12 MONTHS	–	–	–	–	22,545	22,545
ALAIN BODIN	12 MONTHS	–	–	–	–	22,545	22,545
GÉRARD EPIN	12 MONTHS	–	–	–	–	22,545	22,545
XAVIER BERNAT	12 MONTHS	–	–	–	–	22,545	22,545
HAKAN MOGREN	12 MONTHS	–	–	–	–	22,545	22,545
CHIEF EXECUTIVE OFFICER							
JEAN-MARIE LABORDE	7 MONTHS	298,694	16,667	–	2,743	–	318,104
MANAGEMENT BOARD FROM APRIL TO AUGUST 2004							
DOMINIQUE HÉRIARD DUBREUIL*	5 MONTHS	–	–	–	–	–	–
ALAIN EMPRIN	5 MONTHS	132,429	121,230	16,958	2,043	–	272,660
PIERRE SOUSSAND	5 MONTHS	103,875	88,967	16,809	1,705	–	211,356
HUBERTUS VAN DOORNE	4 MONTHS	96,652	150,080	16,958	178	118,000	381,868
		631,650	376,944	50,725	6,669	388,540	1,454,528

** Companies that control Rémy Cointreau paid the following gross remuneration to directors of the Company in respect of the 2004/05 financial year: Dominique Hériard Dubreuil: €210,888, François Hériard Dubreuil: €264,827, Marc Hériard Dubreuil: €264,585.*

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

4.6. Special report by the Board of Directors on options and free shares granted

Special report of the Board of Directors

On share subscription options (Article L. 225-184 of the Commercial Code)

In accordance with the provisions of Article L. 225-184 of the Commercial Code, we inform you that no options to subscribe or purchase Rémy Cointreau shares were granted during the 2005/06 financial year.

SHARE SUBSCRIPTION OR PURCHASE PLANS IN EFFECT DURING THE 2005/2006 FINANCIAL YEAR:

	Plan No. 6 Subscription	Plan No. 7 Subscription	Plan No. 8 Subscription	Plan No. 9 Subscription	Plan No. 10 Subscription	Plan No. 11 Subscription	Plan No. 12 Purchase	Plan No. 13 Purchase
Date of Extraordinary General Meeting	26/08/98	26/08/98	26/08/98	26/08/98	24/08/00	24/08/00 and 21/09/01	21/09/01	07/09/04
Date of Management Board or Board of Directors' meeting	28/10/98	28/04/99	07/12/99	30/05/00	01/03/01	08/03/02	16/09/03	08/12/04
Total number of options allocated	224,044	289,300	499,100	131,280	1,016,600	659,500	287,000	262,000
- of which number of options that can be subscribed to by Directors	72,466	119,576	127,900	61,960	200,000	275,000	180,000	40,000
number of Director beneficiaries	7	10	10	9	5	5	5	1
total number of beneficiaries	75	66	85	28	150	43	25	30
Date options can be exercised	28/10/98	28/04/99	07/12/99	30/05/00	01/03/03	08/03/06	16/09/07	24/12/08
Date options expire	27/10/05	27/04/09	06/12/09	29/05/10	28/02/11	07/03/12	15/09/13	23/12/14
Subscription or share price	13.55	12.20	16.36	18.85	27.10	25.00	27.67	28.07
Number of options lapsed	2,152	4,700	3,400	–	32,000	–	23,000	30,000
Number of options exercised at 31 March 2006	221,892	231,484	337,550	61,565	466,450	113,500	–	–
Remaining balance	–	53,116	158,150	69,715	518,150	546,000	264,000	232,000

OPTIONS EXERCISED DURING THE YEAR BY DIRECTORS

Beneficiaries	Company granting the options	Date of plan	Number of options	Exercise price (€)	Average price at exercise (€)
Guy Le Bail	Rémy Cointreau	28/10/1998	10,775	13.55	36.31
Dominique Hériard Dubreuil	Rémy Cointreau	28/04/1999	9,600	12.20	38.84
François Hériard Dubreuil	Rémy Cointreau	30/05/2000	5,270	18.85	42.15
Marc Hériard Dubreuil	Rémy Cointreau	30/05/2000	5,270	18.85	33.60

OPTIONS GRANTED DURING THE YEAR TO THE TEN HIGHEST PAID GROUP EMPLOYEES THAT ARE NOT DIRECTORS, WHERE THE NUMBER OF OPTIONS IS THE GREATEST

Company granting the option	Date of plan	Number of options	Exercise price (€)	Average price at exercise (€)
Rémy Cointreau	01/03/2001	159,069	27.10	37.14
Rémy Cointreau	08/03/2002	62,450	25.00	40.03

It should be noted that Rémy Cointreau S.A. had no employees during the 2005/06 financial year.

On free share allocations (Article L. 225-197-4 of the Commercial Code)

FREE SHARES GRANTED TO MEMBERS OF GOVERNANCE BODIES AND EXECUTIVE MANAGEMENT RELATING TO RÉMY COINTREAU'S SHARE CAPITAL

In accordance with the provisions of Article L. 225-197-1 to L. 225-197-5 of the Commercial Code we inform you that the Chief Executive Officer of the Company was granted the following free Rémy Cointreau shares during the 2005/06 financial year:

SHARES GRANTED DURING THE YEAR TO DIRECTORS

Beneficiary	Company granting the options	Date of allocation	Number of shares	Date of final allocation	Date shares may be traded
Jean-Marie Laborde	Rémy Cointreau	11/10/2005	20,000	11/10/2007	11/10/2009

SHARES GRANTED DURING THE YEAR TO THE TEN HIGHEST PAID GROUP EMPLOYEES THAT ARE NOT DIRECTORS, WHERE THE NUMBER OF SHARES IS THE GREATEST

Company granting the options	Date of allocation	Number of shares	Date of final allocation	Date shares may be traded
Rémy Cointreau	11/10/2005	58,500	11/10/2007	11/10/2009

The main features of free share allocations are detailed in the chapter on general information on the share capital.

Shares and voting rights held by members of the Board of Directors is disclosed in the chapter on general information concerning the share capital.

On transactions conducted in Rémy Cointreau during the Financial Year by members of the Board of Directors and related parties, as defined by article L. 621-18-2 of the Monetary and Financial Code

Name	Nature of transactions	Number of shares	Average price (€)
Dominique Hériard Dubreuil	Exercise/sale of options	9,600	38.84
François Hériard Dubreuil	Exercise/sale of options	5,270	42.15
Marc Hériard Dubreuil	Exercise/sale of options	5,270	33.60
Guy Le Bail	Exercise of options	10,775	36.31
Mrs Guy Le Bail	Sale	7,275	42.00
Récopart	Purchase	21,250	36.38

4.7. Information on transactions with members of governance bodies

See the Statutory Auditors' Special Report for the financial year ending 31 March 2006 for regulated agreements concluded during previous financial years, whose execution was continued during the financial year.

No transactions outside the ordinary activities of the Company and outside normal conditions were concluded with shareholders holding voting rights in excess of 10%, other than those covered in the above report.

4.8. Loans and guarantees granted to or set up in favour of members of governance bodies and executive management

None.

4.9. Employee profit-sharing

Profit-sharing and participation agreements

Over 95% of Group employees in France benefit from income from profit-sharing plans.

This financial year is also the second year of one of the profit-sharing agreements, applicable to 70% of the French workforce. It enabled better reflection of the Group's strategic challenges through criteria and performance objectives that are directly linked to the Group's business, economic development, profitability, cost-efficiency and industrial and operational excellence. An annual review of these objectives, which are related to the Group's ambitions, enables the Group to enhance each employee's contribution to these objectives.

Over 70% of employees thus received, depending on the performance of their sector of activity, a bonus of 12.74% of their annual remuneration (subject to legal limits) in respect of profit-sharing for the 2005/06 financial year.

The profit-sharing amount paid on the last three years is as follows:

(€)	
2005/06	3,860,830
2004/05	3,957,120
2003/04	4,050,058

5. General information on the company and its share capital

5.1. General information on Rémy Cointreau

Corporate name: Rémy Cointreau S.A.

Registered office: Ancienne rue de la Champagne, rue Joseph-Pataa, 16100 Cognac

Main administrative office:
21, boulevard Haussmann, 75009 Paris

Legal form and governance

Société Anonyme (French limited liability company) with a Board of Directors governed by French law and in particular by the provisions of the Commercial Code Book 11 and by its bylaws.

Applicable legislation

Rémy Cointreau S.A. (hereinafter “Rémy Cointreau” or “the Company”) is a company subject to French law.

Date established – Duration

The Company was established on 3 March 1975 and will terminate on 30 September 2073.

Objects

Rémy Cointreau’s objects pursuant to Article 2 of its bylaws are as follows:

- the creation, acquisition and operation of any commercial, industrial or other business;
- the direct or indirect participation of the Company, in any form whatsoever, in any company, association, enterprise or grouping of any form whose object is a commercial, industrial, agricultural, property, design, research or development activity, or the acquisition, management or operation of all goods or rights;
- the paid provision of qualified services in technical, commercial, administrative or financial fields, on behalf of any individual or company engaged in commercial, financial or industrial activities in France or other countries; and
- in general, any commercial, financial, industrial, property or real estate which are directly or indirectly related, in whole or in part, to the aforementioned objects or to any similar or related object.

Register of companies and registration number

Rémy Cointreau is registered at the Registre du commerce et des sociétés de Cognac under the number 302 178 892. APE Code 741 J.

Inspection of legal documents of the company

Legal documents may be inspected at the registered office whose address is provided above.

Financial year

Every financial period commences on 1 April and ends on 31 March of the following year. The duration of the accounting period is one year.

Allocation of profits

Out of the Company’s profits in each financial year, after setting aside a provision to establish the legal reserve, which must be at least equal to the minimum required, the General Meeting may, profit permitting, on the proposal of the Board of Directors, allocate the profit to one or more reserve funds for which it regulates the allocation or use, to carry forward or distribute as dividends among the shareholders.

After reviewing the reserves at its disposal, the General Meeting may decide to distribute amounts drawn from these reserves. In this event, the decision should expressly specify which reserve accounts have been drawn down.

Dividends (distribution policy over the last five years)

Dividends distributed during the last five years are disclosed in the notes to the Parent Company financial statements.

General Meetings

Shareholders' Meetings are called and held under the conditions stipulated by law.

These meetings are held either at the registered office or at another venue specified in the notice of the meeting.

Right of admission to meetings

Any shareholder may participate in these meetings either personally or by intermediary, by mail or by proxy addressed to the Company. Shareholders must show proof of their identity and ownership of their fully paid shares, at least three days prior to the General Meeting of shareholders.

Right of vote

Pursuant to the resolution approved at the General Meeting of 16 December 1991, share voting rights are in proportion to the share of capital that they represent. At equivalent nominal value, each share entitles the holder to one vote.

However, a share entitles the holder to two votes, in relation to the share capital that it represents, in the following cases:

- any shareholder who has held fully paid shares in nominative form in the same name for at least four years;
- for each nominative share attributed to the shareholder, in the event of a capital increase by way of capitalisation of reserves, profits or premiums, on the basis of existing shares for which such shareholder already enjoys double voting rights.

This double voting right ceases for all shares converted to bearer shares or whose ownership is transferred. However, the four-year timeframe set is not affected for acquired rights by any transfer by succession, liquidation of joint estate of spouses, or inter-vivo gifts, for the benefit of an inheriting spouse or parent.

Only shareholders who fulfil the following criteria may participate in Meetings, vote by letter or be represented:

- their nominative shares must be registered at least three days before any Meeting;
- for shares in bearer form, a certificate from an authorised intermediary must be produced within the same time limit, stating that the relevant shares will remain blocked in the account until the day of the Meeting.

Entry passes for Meetings will be sent to all shareholders and are available upon request from Société Générale, Service Assemblées Générales (General Meeting Services), 32, rue du Champ de Tir, Nantes 44000, France, or from the authorised banks, on presentation, for bearer shares, of a certificate stating that the shares are held as indicated above.

Declaration of crossing thresholds

In accordance with the bylaws, any shareholder (individual or company), acting either alone or in concert, who acquires in any manner, as set out in Article L. 233-7 and subsequent of the Commercial Code, a fraction equal to one per cent (1%) of the share capital or voting rights, or any multiple of this percentage, must notify the Company of the total number of shares held within five days of crossing one of these thresholds. This also applies each time that the fraction of share capital or voting rights held becomes less than one of the thresholds stated above.

In the event of non-compliance with this provision, and upon the request of shareholders holding at least 1% of the share capital, the shares exceeding the fraction which should have been declared will be deprived of voting rights at all Meetings held until the expiration of the timeframe provided for by law and regulations in force following the date of regularising the notification.

The intermediary registered as the holder of the shares pursuant to paragraph 3 of Article L. 228-1 of the Commercial Code is required, without prejudice to the obligations of the owners of the shares, to make the declarations so required by the first paragraph above for all of the shares of the Company for which he/she is registered as the holder.

Identification of shareholders

The Company is legally entitled to request, in accordance with the legal terms and conditions, the identity of those shareholders holding shares, which immediately or subsequently give rise to voting rights.

In order to identify the holders of securities, the Company is entitled to request at any time, at its own expense, from the share registrars, the name or, if it is a company, the corporate name, nationality, year of birth or establishment, and address of holders of securities that have the right immediately or in the future to vote at the Company's meetings, as well as the number of securities held by each of them and, where applicable, the restrictions that may apply to those securities and more generally to make use of Article L. 228-2 of the Commercial Code concerning identification of holders of securities that confer the right immediately or in the future to vote at the Company's meetings.

5.2. General information on the share capital

Changes to the share capital and shareholders' rights

The share capital may be increased by a decision taken at an Extraordinary General Meeting. However, where a capital increase is carried out by incorporation of reserves, profits or share premium, the relevant Extraordinary General Meeting will set the quorum and majority required in an Annual General Meeting.

Capital increases are decided or authorised by an Extraordinary General Meeting which sets the terms for an issue of new shares and grants all powers to the Board of Directors to carry this out in a period that may not exceed 26 months.

The Extraordinary General Meeting may decide to reduce the share capital, particularly by way of repurchase of shares or reduction in their nominal value, or again, by reduction in the number of shares in accordance with legal requirements.

The share capital may also be written down in accordance with the law.

Share capital

At 31 March 2006, the share capital was €72,809,830.40 divided into 45,506,144 shares of €1.60 each, all of one class, fully paid and carrying 72,352,915 voting rights.

Form of shares: fully paid shares are in nominative or bearer form, at the shareholder's choice.

Authorisation to trade in the Company's shares

Pursuant to the share repurchase programme, authorised by the General Meeting of 7 September 2004, the Company sold 602,430 shares with a repurchase agreement on 24 March 2005. In order to maintain comprehensive coverage of its share repurchase plans and to partially manage the dilution resulting from the exercise of one of these share subscription plans, a resolutive clause was included in the last sale.

This transaction was supplemented by the purchase by the Company of 224,497 call options from Barclays Bank PLC on 24 March 2005. The whole transaction enables Rémy Cointreau to meet the exercise of a maximum of 826,927 share subscription or purchase options.

As part of this, the Company, on 14 February 2006, exercised the resolutive clause included in the share sale contract and repurchased 280,927 shares at a price of €27.10. These shares were cancelled by the Board of Directors in accordance with the authorisation given by the General Meeting of 28 July 2005.

In addition, the Company concluded a liquidity contract with a financial organisation. As part of this mandate, the service provider had the sole objective of encouraging liquidity in the Company's share and a steady quotation on the stock market. At 31 March 2006, the Company held 24,700 shares in respect of the liquidity contract.

The Combined General Meeting of Rémy Cointreau of 28 July 2005, in its thirteenth resolution, authorised the Board of Directors, for a period ending at the conclusion of the General Meeting called to consider the financial statements for the year ended 31 March 2005 and, at the latest, within a period of eighteen months from 26 July 2005 to purchase, or sell shares in the Company, up to 10% of the current share capital, which is 3,648,339 shares, net of Treasury shares, the sale of shares and the purchase of call options. The maximum amount that the Company may pay on the basis of this number of shares is €182,416,950.

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

- to cancel the shares, subject to the adoption of the fifteenth resolution, in order to increase the return on capital and earnings per share;
- to stimulate the secondary market or provide liquidity for the Rémy Cointreau share by an investment services provider via a liquidity contract that conforms to the AFEI charter recognised by the Autorité des Marchés Financiers;
- to grant the shares in accordance with the terms and conditions provided by law, notably as part of a profit-sharing plan, to service options to purchase shares, as part of a business savings plan or to be used to grant free shares to employees and executives in accordance with Articles L. 225-197 and subsequent of the Commercial Code; and
- to purchase shares to retain them and use them subsequently in exchange or as payment for possible acquisitions.

The purchase of these shares, as well as their sale or transfer, may be carried out at any time, including during the period of a public takeover bid, subject to periods of abstention, provided by Article 631-6 of AMF general regulations or other legal or regulatory provisions, and by any means, on the market or over the counter, including block transactions and the use of derivative financial instruments, particularly options, as long as they do not significantly increase the volatility of the share price. Share capital acquired or transferred in blocks may account for all of the authorised share repurchase programme. The payment may be made in any way.

As part of these objectives, the repurchased shares may be cancelled in accordance with the fifteenth resolution of the same Meeting up to 10% of the share capital per period of twenty four months. The maximum purchase price is €50 and the minimum sale price is €22 per share.

An information note in respect of this programme received Authorisation No. 05-629 from the Autorité des Marchés Financiers on 7 July 2005.

The renewal of this authorisation will be proposed at the Combined General Meeting of 27 July 2006.

Authorised capital

Authorisation to grant options to subscribe for or purchase shares

The authorisation was given by way of the seventh resolution of the Combined General Meeting of Rémy Cointreau on 7 September 2004 to the Board of Directors, for a period of thirty eight months from 7 September 2004, to grant, on one or more occasions, to employees of the Company or companies or GIE covered by Article L. 225-180 of the Commercial Code, or certain of them, as well as the management of the Company or companies or GIE covered by Article L. 225-180 of the Commercial Code, options to subscribe for new shares in the Company, to be issued by way of an increase in capital, or options to purchase shares in the Company arising from a repurchase pursuant to L. 225-208 or L. 225-209 and subsequent of the Commercial Code. The total amount of options granted under the current authorisation may not give a right to a number of shares representing more than 3% of the share capital of the Company.

The subscription price or the share price shall be set by the Board of Directors the day the option is granted within the limits prescribed by law. Share subscription or purchase options may not be granted during periods forbidden by law.

In any event, the issue price for options to subscribe must not, on the day the option is granted, be lower than 80% of the average share price of the twenty trading days preceding the issue date. In the event of the grant of options to purchase, the purchase price of the shares may not be either less than 80% of the average share price of the twenty trading days preceding the date of grant of the purchase options or less than 80% of the average purchase price of the shares held by the Company pursuant to Articles L. 225-208 and/or L. 225-209 of the Commercial Code.

This price may only be revised in accordance with circumstances provided by law at the time of financial transactions or share transactions. The Board of Directors will then, in accordance with regulations, make an adjustment to the number and price of the shares included in the options granted to take account of the effect of these transactions. The options must be exercised within a period of ten years from the date they are granted.

Authorisation for the allocation of free shares to employees or executives

The Combined General Meeting of 28 July 2005, authorised the Board of Directors, in its twenty first resolution, pursuant to the conditions of Articles L. 225-197-1 and subsequent of the Commercial Code, to proceed, on one or more occasions, to the benefit of the employees of the company or related companies within the meaning of Article L. 225-197-2 of the Commercial Code, or to certain categories of them, as well as to the benefit of executives defined by law, to the allocation of free shares that exist or to be issued in the Company, subject to the period of abstention provided by the law.

The Board of Directors will determine the identity of the beneficiaries of the allocation as well as the conditions and, where appropriate, the criteria of allocation of shares. The total number of shares thus issued free may not be such that the total number of shares allocated free in respect of the current resolution represent a number of shares in excess of 2% of the number of shares comprising the share capital on the day of the allocation of free shares by the Board of Directors.

The allocation of shares to their beneficiaries will become final at the end of a minimum period of acquisition of two years and the minimum period of retention of shares by the beneficiaries is set at two years.

The Board of Directors will proceed, where appropriate, during the period of acquisition with adjustments to the number of shares arising from transactions in the capital of the Company in order to preserve the rights of the beneficiaries.

Delegation to the Board of Directors to increase the share capital by incorporation of reserves, profits or premiums

The Combined General Meeting of 7 September 2004, in its eighth resolution, authorised the Board of Directors, in accordance with the provisions of paragraphs II and III of Article L. 225-129 of the Commercial Code, for a duration of 26 months from 7 September 2004, to increase the share capital, on one or more occasions, at the times and in accordance with the methods that it shall determine, by incorporation into capital of reserves, profits, or premiums, followed by the creation and bonus issue of shares or the increase in the nominal value of existing shares, or a combination of these two methods.

Fractional rights are not negotiable and the corresponding shares will be sold, the amounts resulting from the sale being allocated to the holders of rights at the latest thirty days after the date of registration of the total number of shares allocated.

The amount of the capital increase that may be carried out under this authorisation may not exceed the nominal amount of €70,000,000, set independent of the maximum limit of increases resulting from the issue of marketable securities authorised by this same Meeting.

This authorisation has not been used to date.

At the Combined General Meeting of 27 July 2006 a proposal will be made to renew this delegation.

Delegation to the Board of Directors to issue various marketable securities giving access to share capital or giving right to the allocation of debt securities, with or without shareholders' pre-emption rights

The Combined General Meeting of 28 July 2005, in its sixteenth resolution, in accordance with the provisions of L. 225-129, L. 225-129-2, L. 129-3, L. 228-91 and L. 228.92 of the Commercial Code, granted the powers required to proceed, on one or more occasions, in France and/or abroad and/or on the international market, with a maintained pre-emption right for shareholders, in euro, foreign currencies or any monetary unit established by reference to a number of currencies, to issue shares in the Company (other than preference shares) as well as marketable securities of whatever nature, giving access to capital by conversion, exchange, repayment, presentation of a warrant, a combination of these, or in any other way, to the granting immediately and/or subsequently, at any time or a set date, to a share in the capital of the Company and this, within the limit of a total nominal ceiling of a capital increase of €30,000,000, in common with the sixteenth and seventeenth resolutions, and a total nominal ceiling of debt securities in common with all the debt securities whose issue is delegated to the Board of Directors by virtue of the same Annual and Extraordinary General Meeting, of €750,000,000.

The Board of Directors may decide to substitute Treasury shares for shares to be issued under this resolution.

The issues decided by virtue of this delegation must be carried out within a time period of 26 months from 28 July 2005.

The same Meeting, in its seventeenth resolution, delegated to the Board of Directors the powers to issue various marketable securities as mentioned above, with cancellation of pre-emption rights.

The Board of Directors may decide to substitute Treasury shares for shares to be issued under this resolution.

The same General Meeting, in its nineteenth resolution, authorised the Board of Directors, within the framework of delegations provided by the sixteenth and seventeenth resolutions, to increase the number of shares to be issued within the provisions of Article L. 225-135-1 of the Commercial Code and Article 155-4 of the Decree of 23 March 1967, up to 15% of each issue and at the same price as adopted for the initial issue and within the global limit provided by the sixteenth resolution, when the Board of Directors notes excess demand.

Delegation to the Board of Directors to issue shares representing the share capital of the Company as a result of the issue, by controlled companies, of marketable securities giving, in time, access to the Company's share capital or the allocation of debt securities

The same Combined General Meeting of 28 July 2005, in its seventeenth resolution, in view of the issue of shares and marketable securities giving access to the capital of the Company which shall give right to marketable securities that may be issued, by companies where Rémy Cointreau holds directly or indirectly more than half the share capital, subject to the approval of the Board of Directors of Rémy Cointreau, delegates to the Board of Directors the necessary powers to proceed with the issue of capital securities in Rémy Cointreau to which these marketable securities give the right, and this up to a total nominal ceiling of a capital increase of €30,000,000, in common with the sixteenth and seventeenth resolutions.

In this context, Rémy Cointreau shareholders do not have a pre-emption right to these marketable securities issued by these companies.

The issues decided by virtue of this delegation must be carried out within a time period of 26 months from 28 July 2005.

Authorisation to the Board of Directors to proceed with the issue of shares securities or various marketable securities and freely setting the issue price

The Combined General Meeting of 28 July 2005, in its twentieth resolution, authorised the Board of Directors to issue all shares (except preference shares) and marketable securities giving access to the share capital within a limit of 10% of the share capital and within the ceiling set by the sixteenth resolution, and setting the issue price in the event of a call for capital without the pre-emption right to subscribe, at an issue price different from that used in respect of issues authorised by virtue of the sixteenth resolution, which may not be less, at the discretion of the Board of Directors, of either (a) the weighted average price based on the volume of shares traded in the 20 trading days preceding the setting of the issue price or (b) the weighted average price based on the volume traded on the trading day preceding the setting of the issue price, in both these cases possibly reduced by a maximum discount of 5% and subject to the amount to be received for each share being at least equal to the nominal value.

The current authorisation is valid for a period of 26 months with effect from 28 July 2005.

Summary table of the delegations given to the Board of Directors for share capital increase transactions:

<table>
<tr><th>Description of delegation</th><th>Date of General Meeting</th><th>Amount of authorisation</th><th>Duration of the validity of authorisation</th><th>Use of the delegation during the year</th></tr>
<tr><td>Allocation of options to subscribe to shares</td><td>7 September 2004</td><td>3% of share capital</td><td>38 months</td><td>Nil</td></tr>
<tr><td>Increase of share capital by incorporation of reserves, profits or premiums</td><td>7 September 2004</td><td>€70,000,000</td><td>26 months</td><td>Nil</td></tr>
<tr><td>Increase of share capital to remunerate transfers in kind</td><td>7 September 2004</td><td>limited to 10% of share capital</td><td>26 months</td><td>Nil</td></tr>
<tr><td>Issue of marketable securities giving access to capital with maintained pre-emption rights to subscribe</td><td>28 July 2005</td><td rowspan="2">€30,000,000 (overall nominal amount for these authorisations)</td><td>26 months</td><td>Nil</td></tr>
<tr><td>Issue of shares, securities or marketable securities and freely setting the issue price</td><td>28 July 2005</td><td>26 months</td><td>Nil</td></tr>
<tr><td>Issue of shares, securities or marketable securities and freely setting the issue price</td><td>28 July 2005</td><td>limited to 10% of capital</td><td>26 months</td><td>Nil</td></tr>
<tr><td>Allocation of free shares</td><td>28 July 2005</td><td>limited to 2% of capital</td><td>38 months</td><td>Allocation of 96,500 shares</td></tr>
</table>

Securities not representative of capital

In 1991, Rémy Cointreau issued 400 perpetual subordinated notes for FFr 2,000,000,000 (€304,898,034.47). Rémy Cointreau also issued on 24 June 2003 seven year senior loan notes of €175 million, and on 5 January 2005, seven year senior loan notes of €200 million. The majority of this latter loan was used to reduce amounts drawn down on the 2004-2008 syndicated credit and will enable the partial repayment of the OCEANE loan maturing in April 2006.

The features of these two are described in Notes 2.8 and 2.10 respectively, to the parent company accounts of Rémy Cointreau at 31 March 2006.

Other securities giving access to capital

Convertible loan notes with the option of conversion and/or exchange for new/existing shares (OCEANEs)

Pursuant to the authorisation conferred by the Combined General Meeting of 24 August 2000, the Board of Directors' meeting of 13 December 2000 elected to issue loan notes at par with an option of conversion and/or exchange into new and/or existing shares in the amount of €300 million, representing 6,896,551 loan notes. The term of the loan notes is five years and sixty-one days, bearing an annual interest rate of 3.50%, due on 1 April each year. Each loan note may be converted into or exchanged for one new or existing share, at any time, from 30 January 2001, until seven working days preceding the redemption date. On 17 October 2003, Rémy Cointreau repurchased 62,837 of these loan notes, which were then cancelled. At 31 March 2006, 2,283 loan notes have been converted into new shares and two loan notes have been exchanged for existing shares. The loan was repaid at 1 April 2006.

Other convertible loan notes

At 31 March 2005, 1,877 loan notes remained, in relation to a loan issued in 1991. These notes reached maturity on 21 March 2006 and have given rise to the creation of 30,032 shares.

Authorisation to issue securities giving access to capital

The Combined General Meeting of 26 August 1998 authorised the Board of Directors to grant, on one or more occasions during a period of five years, to employees or management of the Company and the companies or GIE covered by Article 208-4 of the law on commercial companies (Article L. 225-180 of the Commercial Code), options carrying the right to subscribe for new shares in the Company that may represent up to 3% of the share capital of Rémy Cointreau.

The Board of Directors' meetings of 28 October 1998, 28 April and 7 December 1999 and 30 May 2000, granted all the corresponding options. The plan of 28 October 1998 expired on 27 October 2005 and options outstanding at 31 March 2005 have been fully exercised. In respect of the other plans, the number of options outstanding at 31 March 2006 is 280,981.

The Combined General Meeting of 24 August 2000 authorised the Board of Directors to grant, in accordance with the same conditions as previously discussed, options giving the right to subscribe to new shares in the Company, up to a maximum of 3% of the share capital of Rémy Cointreau. The Board of Directors meetings of 1 March 2001 and 8 March 2002 allocated in full the corresponding options. The number of options outstanding at 31 March 2005 was 716,650.

The Combined General Meeting of 21 September 2001 authorised the Management Board to grant, within the same terms and conditions as previously, options giving right to subscribe to new shares or to purchase shares in the Company up to a maximum of 3% of the share capital of Rémy Cointreau. The Board meetings of 8 March 2002 and 16 September 2003 allocated 634,500 options including 287,000 options to purchase shares in the Company. No option had been exercised as at 31 March 2006.

The table of outstanding option plans is included in the Special Report in respect of options to subscribe for or to purchase shares.

Movement in share capital

Dates	Description	Number of new shares issued	Share premium (francs)	Share premium (euros)	Share capital (francs)	Share capital (euros)	Number of shares
21/03/1991	Capital increase contribution in kind	374,582 shares FFr 100 each	Contribution: 377,403,520		127,758,200		1,277,582
16/12/1991	10 for 1 share split Bonus issue of 6 new shares for every 10 existing shares				204,413,120		20,441,312
	Contribution in kind resulting from the merger absorption of Rémy & Associés	9,182,533 FFr 10 each	Merger: 1,467,318,152		296,238,450		29,623,845
31/03/1994	Capital increase by conversion of bonds	94,400 shares FFr 10 each	issue: 12,390,000		297,182,450		29,718,245
	and by exercise of share subscription options	10,868 shares FFr 10 each	issue: 1,467,180		297,291,130		29,729,113
31/03/1995	Capital increase by conversion of bonds	1,019,200 shares FFr 10 each	issue: 133,770,000		307,483,130		30,748,313
	and by exercise of share subscription options	5,743 shares FFr 10 each	issue: 775,305		307,540,560		30,754,056
31/03/1996	Capital increase by conversion of bonds	6,080,368 shares FFr 10 each	issue: 798,048,300		368,344,240		36,834,424
4/12/1996	Capital increase following the payment of dividends in shares	1,278,989 shares FFr 10 each	issue: 127,272,195.39		381,134,130		38,114,413
31/03/1998	Capital increase following the exercise of share subscription options	10,753 shares FFr 10 each	issue: 1,070,031.03		381,241,660		38,124,166
31/03/2000	Capital increase following the exercise of share subscriptio options	58,064 shares FFr 10 each	issue: 4,803,202.52		381,822,300		38,182,230
30/05/2000	Capital increase following the conversion of share capital into euro by transfer from available reserves					61,091,568	38,182,230
30/06/2000	Capital increase following the exercise of share subscription options	198,332		2,518,696.16		61,408,899.20	38,380,562

Dates	Description	Number of new shares issued	Share premium (francs)	Share premium (euros)	Share capital (francs)	Share capital (euros)	Number of shares
13/10/2000	Capital increase following the exercise of share subscription options	78,659		1,082,396.96		61,534,753.60	38,459,221
	and by the payment of dividends in shares	867,048		26,540,339.28		62,922,030.40	39,326,269
19/12/2000	Capital increase contribution in kind	5,000,000		162,000,000.00		70,922,030.40	44,326,269
31/03/2001	Capital increase following the exercise of share subscription options	51,331		738,739.46		71,004,160.00	44,377,600
	Capital increase following the conversion of OCEANE securities	21		879.90		71,004,193.60	44,377,621
31/03/2002	Capital increase following the exercise of share subscription options	82,105		1,154,348.38		71,135,561.60	44,459,726
31/03/2003	Capital increase following the exercise of share subscription options	120,215		1,624,950.23		71,327,905.60	44,579,941
31/03/2004	Capital increase following the exercise of share subscription options	199,908		2,759,676.45		71,647,758.40	44,779,849
31/03/2005	Capital increase following the exercise exercise of share subscription options	272,812		4,254,831.72		72,084,257.60	45,052,661
31/03/2006	Capital increase following the exercise of share subscription options	702,116		15,317,755.73		73,207,643.20	45,754,777
	following the conversion						
	- of bonds	30,032		598,640.58		73,255,694.40	45,784,809
	- of OCEANE securities	2,262		94,777.80		73,259,313.60	45,787,071
	Cancellation of shares within the framework of a sales contract with repurchase agreement	280,927		7,163,638.50		72,809,830.40	45,506,144

No significant movement occurred in the capital following the increase by contribution in kind on 19 December 2000, with the exception of Arnhold and S. Bleichroeder Advisers, LLC that held 13.94% of the share capital and 8.77% of the voting rights at 31 March 2006.

5.3. Current analysis of shareholders and voting rights

Voting rights, number of shareholders, details of shareholders holding 1% or greater and the nature of their holding, shareholders' pacts, shares held by employees, treasury shares

Share ownership analysis at 31 March 2006

Shareholders	Situation at 31/03/2006			Situation at 31/03/2005			Situation at 31/03/2004		
	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights
Orpar	19,831,197	43.58	54.82	19,831,197	44.02	55.17	19,831,197	44.29	55.85
Récopart	6,291,589	13.83	17.13	6,270,339	13.92	17.21	6,270,339	14.00	17.42
Arnhold and S. Bleichroeder, LLC	6,343,891	13.94	8.77	5,392,067	11.97	7.50	4,476,917	9.99	6.30
Rémy Cointreau (Treasury shares)	24,700	0.05	–	30,000	0.07	–	632,430	1.41	–
Public	13,014,767	28.60	19.28	13,529,058	30.02	20.12	13,568,966	30.31	20.43
Total	**45,506,144**	**100.00**	**100.00**	**45,052,661**	**100.00**	**100.00**	**44,779,849**	**100.00**	**100.00**

There are shares with double voting rights. There were 26,875,552 shares carrying a double voting right at 31 May 2006. The principal shareholders Orpar and Récopart, hold such rights as indicated in the above table.

The employee savings plan represents less than 1% of the share capital of Rémy Cointreau. It is the only form of shareholding by Rémy Cointreau employees.

The Company is aware of the existence of the following concert relationship and shareholders' agreement between Orpar and the shareholders of Récopart:

• In accordance with Article 13.1 of Récopart's bylaws, shareholders holding category B shares, of which 99.99% are held by Orpar, are entitled to submit to the Supervisory Board candidates for two positions on the Management Board. As a result, two executive officers from Orpar, namely François Hériard Dubreuil and Marc Hériard Dubreuil, were appointed as Chairman and Member of the Management Board of Récopart, respectively. The aim of this provision is to ensure that the shareholders of Récopart and of Orpar act in concert with respect to the exercise of voting rights attached to the 6,291,589 Rémy Cointreau shares held by Récopart.

• In addition, Orpar holds a purchase option on the Rémy Cointreau shares owned by Récopart. Orpar may exercise this option if a third party submits an offer with a view to acquiring control of Rémy Cointreau. The shareholders' agreement will expire on 27 June 2011, unless explicitly extended for one or more successive periods of five years.

Board Members' shares and voting rights ownership at 31 March 2006

Shareholders	Shares	%	Shares with double voting rights	Voting rights	%
Mrs Dominique Hériard Dubreuil	2,466	0.00	2,466	4,932	0.01
Mr François Hériard Dubreuil	100	0.00	10	110	0.00
Mr Marc Hériard Dubreuil	100	0.00	10	110	0.00
Mr Pierre Cointreau	100	0.00	50	150	0.00
Mr Brian Ivory	100	0.00	0	100	0.00
Mr Jürgen Reimnitz	100	0.00	0	100	0.00
Mr Patrick Duverger	523	0.00	523	1,046	0.00
Mr Guy Le Bail	101	0.00	11	112	0.00
Mr Xavier Bernat	100	0.00	0	100	0.00
Mr Håkan Mogren	100	0.00	0	100	0.00
Mr Jean Burelle	100	0.00	0	100	0.00
Total	3,890	0.00	3,070	6,960	0.01

The Company holds 24,700 Treasury shares. The features of the share repurchase programme authorised by the General Meeting of 28 July 2005 are described in the current chapter.

The options (convertible bonds – OCEANEs and share subscription options) and the maximum potential dilution are referred to in the notes to the financial statements.

Changes in share capital during the last three years

During the course of the 2003/04, financial year, the share capital increased by €319,852.80 to €71,647,758.40, as a result of the exercise of 199,908 options. At closing, Orpar held more than one-third of the share capital and more than half the voting rights. Récopart held more than 10% of the share capital and voting rights. Arnhold and S. Bleichroeder LLC, held more than 5% of the share capital and voting rights.

During the course of the 2004/05, financial year, the share capital increased by €436,499.20 to €72,084,257.60, as a result of the exercise of 272,812 options. At closing, Orpar held more than one-third of the share capital and more than half the voting rights. Récopart held more than 10% of the share capital and voting rights, Arnhold and S. Bleichroeder LLC held more than 10% of the share capital and more than 5% of voting rights.

During the course of the 2005/06 financial year, the conversion of 2,262 OCEANE 3.5% bonds, 2001/06, the conversion of 1,871 7.5% bonds, 1991/06, the exercise of 702,116 options to subscribe for shares and the cancellation of 280,927 shares purchased under the contract for sale with repurchase agreement of 24 March 2005 led to an increase in capital of €1,175,056 and a reduction in capital of €449,483.20, resulting in share capital of €72,809,830.40. At closing, Orpar held more than one-third of the share capital and more than half the voting rights, Récopart held more than 10% of the share capital and more than 15% of voting rights. Arnhold and S. Bleichroeder LLC held more than 10% of the share capital and more than 5% of voting rights.

Persons that control the company and details of their shareholding

At 31 March 2006, Orpar was 84.72% owned by Andromède, which is controlled by the Hériard Dubreuil family.

At 31 March 2006, Orpar held 19,831,197 shares in Rémy Cointreau, giving it 39,662,394 voting rights.

5.4. Rémy Cointreau share price performance

Rémy Cointreau shares are only listed on the Euronext Paris S.A.-Eurolist.

Rémy Cointreau share performance over the last 18 months

€	Trading volume	Everage price	High price	Low price	Trading value (€m)
December 04	1,998,156	28.44	30.40	27.00	56.63
January 05	1,370,928	30.35	31.37	29.34	41.46
February 05	1,137,268	31.58	32.10	30.50	35.83
March 05	1,044,628	31.16	32.36	29.17	32.19
April 05	1,782,471	33.09	34.40	31.64	58.94
May 05	901,893	33.61	34.33	33.57	30.26
June 05	1,785,051	35.82	37.62	33.40	63.76
July 05	1,386,465	36.76	37.82	35.42	50.89
August 05	845,527	37.48	38.30	36.03	31.65
September 05	1,413,128	38.85	40.00	37.30	54.99
October 05	1,422,457	36.34	37.61	35.60	51.77
November 05	1,515,331	34.71	36.18	32.89	52.43
December 05	1,940,059	39.17	41.99	34.33	76.10
January 06	1,430,753	40.95	42.31	39.05	58.58
February 06	1,251,439	40.58	42.41	38.25	50.53
March 06	1,126,852	41.86	44.15	40.50	47.09
April 06	800,762	42.74	44.55	40.61	34.55
May 06	1,004,190	42.60	46.45	39.00	42.58

At 31 March 2006, Rémy Cointreau's market capitalisation amounted to €1,873 million.

5.5. Share buyback programme

Special Report on the share buyback programme authorised on 28 July 2005

In accordance with Article L. 225-209 of the Commercial Code, the current report is to inform the General Meeting of the share purchases that have been made within the share buyback programme authorised by the General Meeting of 28 July 2005 and that was the subject of an information note approved by the Autorité des Marchés Financiers on 7 July 2005 under the number 05-629.

Between 29 July 2005 and 31 May 2006, the Company acquired 580,924 shares, sold 289,997 and cancelled 280,927 shares.

These transactions were carried out:

1. As part of a liquidity contract concluded by the Company with Rothschild & Cie.
The Company acting through an investment services provider, acquired 299,997 of its own shares during the year at a weighted average price of €40.496 per share.
The Company acting through an investment services provider, sold 289,997 of its own shares during the year at a weighted average price of €39.876 per share.

2. As part of a contract for sale with repurchase agreement signed on 24 March 2005 between the Company and Barclays' Capital, under which the Company made the sale with repurchase agreement of 602,430 of its Treasury shares. The Company repurchased on 14 February 2006 the 280,927 shares in order to limit the dilutive effect of options to subscribe for shares. These shares were cancelled, in accordance with the terms of the contract with repurchase agreement of 24 March 2005 and the authorisation given by the General Meeting of 28 July 2005.

The table below summarises the final position of transactions carried out in the period 29 July 2005 to 31 May 2006:

Declaration by the issuer of transactions in its own shares at 31 May 2006

Percentage of Treasury shares held directly or indirectly	0.05%	
Number of securities cancelled in the last 24 months:	280,927	
Number of securities held at the start of the programme	30,000	
		Average price
Number of securities purchased since the start of the programme: – as part of a liquidity contract:	299,997	€40.496
– as part of the unwinding of a clause in a contract for sale with repurchase agreement:	280,927	€21.38
Number of securities sold since the start of the programme as part of a liquidity contract:	289,997	€39.876
Number of securities transferred since the start of the programme:	0	
Number of securities cancelled since the start of the programme:	280,927	
Number of securities held at 31 May 2006:	40,000	
Carrying value of portfolio:	€1,668,800	
Market value of portfolio:	€1,668,800	

Transactions during the year

Date of transaction	Intermediary	Purchase/ Sale	Number of securities	Transaction price	Amount	Underlying derivative
14/02/2006	–	Resolutive clause	280,927	€27.10	€7,613,121.70	Unwinding of the resolutive clause in the contract for sale of shares with Barclays Capital on 24 March 2005

Outstanding derivative products

Date of transaction	Intermediary	Purchase/ Sale	Purchase option/ forward	Maturity	Exercice price	Premium	Organised market/over the counter	Commentary
24/03/2005	–	Resolutive clause	–	15/09/2013	27.67	–	–	284,000 securities
24/03/2005	–	Resolutive clause	–	23/12/2014	28.07	–	–	37,503 securities
24/03/2005	–	Purchase	Purchase options	23/12/2014	28.07	10.25	over the counter	224,497 securities

• As part of the sales contract with repurchase agreement concluded on 24 March 2005, the Company has the facility to repurchase 321,503 shares and purchase options for 224,457 shares with the ultimate aim of covering 546,000 options.
• As part of the liquidity contract, the Company held 24,700 shares at 31 March 2006 and 40,000 at 31 May 2006.

• No Treasury shares are held indirectly by the Company.

Objectives of Treasury shares held

Shares held by the Company are allocated to stimulating the secondary market or as liquidity for the Rémy Cointreau share by an investment services provider via a liquidity contract that conforms to the AFEI charter recognised by the Autorité des Marchés Financiers.

Description of the principal features of the buyback programme submitted for approval by the General Meeting of 27 July 2006 as part of the thirteenth resolution

Securities concerned: shares issued by Rémy Cointreau

Maximum to be purchased by the Company: 10% net of Treasury shares, sale with repurchase agreement and purchase of options to purchase

Maximum number of shares that may be acquired by the Company: 3,979,914

Maximum unit price: €55

Objectives:
• to stimulate the secondary market or provide liquidity for the Rémy Cointreau share by an investment services provider via a liquidity contract that conforms to the AFEI charter recognised by the Autorité des Marchés Financiers;
• to cancel the shares, subject to the adoption of the nineteenth resolution submitted to the current General Meeting and whose object is their cancellation, in order to increase the return on capital and earnings per share;
• to cover the obligations in respect of debt securities giving access to capital;
• to grant the shares in accordance with the terms and conditions provided by law, notably as part of a profit-sharing plan, to service options to purchase shares, as part of a business savings plan or to be used to grant free shares to employees and executives in accordance with Articles L. 225-197 and subsequent of the Commercial Code; and
• to purchase shares and retain them to be used subsequently in exchange or as payment for acquisitions, in accordance with market practices permitted by the Autorité des Marchés Financiers and within the law.

Duration of programme: until the General Meeting called to consider the financial statements for the year ended 31 March 2007 and no later than eighteen months from 27 July 2006.

6. Resolutions
for the Combined General Meeting
of 27 July 2006

6.1. Commentary on the resolutions submitted to the Combined General Meeting of 27 July 2006

Allocation of 2005/06 profit

Your Board of Directors, after noting the financial statements for the year ended 31 March 2006, disclose the following:

• Profit for the year:	€59,885,232.14
• Balance brought forward:	€27,878,053.48
Total amount distributable:	**€87,763,285.92**

and proposes the following allocation:

• Allocation to the legal reserve:	€72,557.28
• Distribution of a dividend of €1.10 per share:	€50,056,758.40
• Balance carried forward:	€37,633,970.24
Total:	**€87 763 285.92**

The amount paid as a dividend is fully eligible for the reduction of 40% provided by Article 158-3, 2 of the General Tax Code.

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

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

Year	2002/2003	2003/2004	2004/2005
Net dividend per share	€1.00	€1.00	€1.00
Tax credit per share	€0.50	€0.50	–
Eligible dividend distributed	–	–	€1.00

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

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

Renewal of terms of office of a Director and appointment of three new Directors

The term of office of Mr François Hériard Dubreuil expires at the close of the Meeting and we request that you renew this for a period of three years. Information in respect of this Director is available in the current report.

In addition, we request that you appoint Mr Jacques-Etienne de T'Serclaes, Mr Gabriel Hawawini and Orpar as new members of the Board of Directors.

Mr Jacques-Etienne de T'Serclaes, 59 years old and a French national, is a graduate of École Supérieure des Sciences Commerciales Appliquées and Harvard Business School, a Chartered Accountant and a Statutory Auditor. He was appointed General Manager of Euromarché from 1987 to 1990 and was a partner in Coopers and Lybrand, later PricewaterhouseCoopers, from 1990 to 2005. Mr de T'Serclaes is also a board member of Prigest and Euro-India Centre. He has been an advisor to the Davos Forum since 2000.

Mr Gabriel Hawawini, 58 years old and a French national, is a chemistry graduate (ENSC Toulouse) and holds a doctorate in economy and finance from the University of New York. He has been a professor at INSEAD since 1982, as the Henry Grunfeld Chaired Professor of Investment Banking. He has been the Dean of INSEAD since August 2000.

Mr Hawawini taught at the University of New York and Columbia. He is the author of 13 books and over 70 articles. Mr Hawawini is notably a board member of Accenture and Vivendi Universal.

ORPAR, a société anonyme with a share capital of €66,083,056, is the parent company of Rémy Cointreau S.A. Its Chairman is Mr François Hériard Dubreuil. The General Manager is Mr Marc Hériard Dubreuil.
At 31 March 2006, Orpar held 43.58% of the share capital and 54.82% of the voting rights in Rémy Cointreau S.A.

As a result, we do not propose to renew the terms of office of Mr Pierre Cointreau, who has reached the age limit set by the bylaws, Mr Jürgen Reimnitz and Mr Guy Le Bail.

It will be proposed at the Board of Directors Meeting on 27 July 2006 to appoint Mr Pierre Cointreau as Honorary Chairman of Rémy Cointreau and to appoint Mr. Jürgen Reimnitz as censor.

Reappointment of the principal Statutory Auditor and appointment of a new alternate Statutory Auditor

We request that you reappoint, as principal Statutory Auditor, Barbier, Frinault et Autres, represented by Mr Richard Olivier, for a period of six years, until the end of the Annual General Meeting called to consider the financial statements for the year ended 31 March 2012.

In addition, we propose to appoint as replacement for Mr Jean Autissier, who has given up this role, AUDITEX, statutory auditors, Member of the Compagnie régionale de Versailles, based in Tour Ernst & Young, Faubourg de l'Arche, 92037 La Défense Cedex, as an Alternate Statutory Auditors, for the period of the principal Statutory Auditor, which is until the end of the Annual General Meeting called to consider the financial statements for the year ended 31 March 2012.

Attendance fees

We propose to set at €280,000 the attendance fees paid to member of the Board of Directors in respect of 2006/07. This is in line with practices adopted by many French groups operating internationally and of a similar size to our group.

Purchase and sale by the Company of its own shares

We propose that you authorise the Board of Directors, for a maximum of eighteen month with effect from the day of the current meeting, to purchase shares in the Company, up to 10% of the share capital, or 3,979,914 shares, which was calculated net of Treasury shares sold with a repurchase agreement and the purchase of options to purchase shares.

The purchase programme was to enable the following transactions, in declining order of priority:
• to stimulate the secondary market or provide liquidity for the Rémy Cointreau share by an investment services provider via a liquidity contract that conforms to the AFEI charter recognised by the Autorité des Marchés Financiers. It should be noted that such a liquidity contract was given to Rothschild & Cie Banque with effect from 15 November 2005. This is renewable by tacit agreement;
• to cancel as part of a reduction in share capital, subject to the adoption of the nineteenth resolution submitted to the current General Meeting and having as its object the authorisation of this cancellation, the shares in order to improve the return on equity and the earnings per share;
• to cover the obligations in respect of debt securities giving access to capital;

• to grant the shares in accordance with the terms and conditions provided by law, notably as part of a profit-sharing plan, to service options to purchase shares, as part of a business savings plan or to be used to grant free shares to employees and executives in accordance with Articles L. 225-197 and subsequent of the Commercial Code; and
• to purchase shares and retain them to be used subsequently in exchange or as payment for acquisitions, in accordance with market practices permitted by the Autorité des Marchés Financiers and within the law.

The purchase of these shares, as well as their sale or transfer, may be carried out within the law and regulations at any time, including the period of a public offer, subject to periods of abstention provided by article 631-6 of the General Regulation of the Autorité des Marchés Financiers or other legal or regulatory requirements, any by all means, on or off-market, including by a public offer or block transactions, sale with repurchase agreement, and by recourse to all derivative financial instruments, notably option transactions, with the exclusion of the sale of options to sell and to the extent that the last means do not lead to a significant increase in the volatility of the share price. The maximum amount of capital that may be acquired or transferred in the form of blocks of shares may be the total of the authorised share purchase programme. Payment can be made in any form.

It is proposed to set the maximum purchase price at €55 per share and the minimum sales price at €25. The maximum amount that the Company is liable to pay as a result is €218,895,270, excluding trading costs.

It should be noted that during the 2004/05 financial year the Company sold 602,430 shares with a repurchase agreement. In order to maintain a perfect hedge for its share acquisition plans and to partly manage the dilution related to the exercise of one of these subscription option plans, the latter sale carried a resolutive clause. This transaction was completed by the purchase on 24 March 2005 by the Company of 224,497 purchase options from Barclays Capital Securities Ltd.

The overall effect of the transaction enabled Rémy Cointreau to meet the exercise of a maximum of 826,927 options to subscribe for or purchase shares.

In this respect, on 1 March 2006 Rémy Cointreau purchased from Barclay's Capital Securities Ltd, 280,927 shares to limit the dilutive effect arising from an option plan to subscribe for shares. Using the delegation of powers granted by the Extraordinary General Meeting of 28 July 2005 in its fifteenth resolution, the Board of Directors on 28 April 2006 decided to reduce the share capital by cancelling these 280,927 shares, in accordance with the terms of the above contract for sale and repurchase.

At 31 March 2006, the Company held 24,700 Treasury shares.

Revisions to the bylaws

It is proposed in the fifteenth, sixteenth, seventeenth and eighteenth resolution to revise the bylaws of the Company as a result of various legislative changes.

First of all this concerns the revision of Article 8.2 of the bylaws in respect of crossing of thresholds. Article 33 of law No. 2005-842 of 26 July 2005 for Confidence and Modernisation of the Economy, called the Breton law, revised Article L. 233-7 of the Commercial Code by adding four thresholds to the existing six. These are new thresholds of 15%, 25%, 90% and 95% of the capital or voting rights that require a declaration of crossing above or below.

In respect of the bylaws threshold of 1%, we propose to increase the timeframe for disclosure in the event of crossing the threshold from five days to eight days.

Thereafter there is a revision to the existing Article 17.5 of the bylaws relative to the deliberations of the Board of Directors. The same law of 26 July 2005 in fact revised Article L. 225-37 of the Commercial Code by adding the possibility that Board Members can be present at meetings by way of telecommunications that enables their identification and guarantees their effective participation.

There is also the revision to the existing Articles 24.4 and 24.5 relative to the thresholds for a quorum at Annual and Extraordinary General Meetings. The Breton law thus revised a number of articles of the Commercial Code, and these revisions are imposed on listed companies. Ordinary meetings held on the first call may only deliberate if the shareholders present or represented hold at least one fifth of the shares with a right to vote, with no quorum required for the second call.

Extraordinary Meetings deliberate on the first call with the presence or representation of one quarter of shares with a right to vote and, on the second call, with a fifth of the shares with a right to vote.

Finally, we propose to cancel Article 11 of the bylaws in respect of shares with a preference dividend without the right to vote. The absence of such shares within your Company and the prohibition on their issue since 27 June 2004 justifies such a cancellation, which will result in renumbering the subsequent articles of the bylaws.

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

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

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

This is an annual authorisation that renews as a result the resolution adopted by the General Meeting of 28 July 2005.

Increase in share capital by incorporation of reserves, profits or premiums

It is proposed in the twentieth resolution, to renew the authorisation of 7 September 2004 to the Board of Directors, for a period of 26 months, to increase the share capital on one or more occasions, at the times and in accordance with the methods that it shall determine, by incorporation into capital of reserves, profits or premiums followed by the creation and bonus issue of shares or the increase in the nominal value of existing shares or a combination of these two methods.

The amount of the capital increase that may be carried out under this authorisation may not exceed the nominal amount of €70,000,000, set independent of the maximum limit of increases resulting from the issue of marketable securities authorised by the sixteenth and seventeenth resolutions adopted by the Combined General Meeting of 28 July 2005.

Authorisation to proceed with a capital increase restricted to 10% of the capital as consideration for transfers in kind

The order No. 2004-604 of 24 June 2004 revised Article L. 225-147 of the Commercial Code and now allows an Extraordinary General Meeting to authorise the Board of Directors, for a maximum period of twenty six months, to proceed with all issues of shares or all marketable securities giving access to capital (with the exception of preference shares) of up to 10% of the share capital at the time of issue, as consideration for transfers in kind to the Company and comprising capital securities or marketable securities giving access to capital. This delegation thus avoids an outflow of cash for acquisition on a modest scale. This is the renewal of an authorisation granted by the Combined General Meeting of 7 September 2004.

It should be noted that this ceiling of 10% is independent of all the ceilings provided in respect of the twentieth resolution of the current Meeting and the sixteenth, seventeenth, nineteenth and twentieth resolutions adopted by the Combined General Meeting of 28 July 2005.

This delegation carries a waiver by the shareholders of their pre-emption right to subscribe to shares to which the marketable securities that will then be issued may carry the right.

Authorisation to proceed with an increase in capital by incorporation of reserves or premiums reserved to beneficiaries of free shares newly issued

The twenty second resolution provides a facility to implement the authorisation given to the Board of Directors by the Combined General Meeting of 28 July 2005, in the twenty first resolution, to proceed with the allocation of free shares to employees and certain executives.

In effect, the shares that will thus be allocated could be, for existing shares acquired by the Company, or shares newly created as part of a capital increase. In the latter case, the capital increase may, due to the delegation currently proposed, be carried out by incorporation of reserves or premium reserves to beneficiaries of free shares. This results in an additional recourse offered to the Board.

This delegation will be given for a period of 26 months with effect from its adoption. The nominal increase in capital may not exceed a maximum of €1,450,000, an amount which results from the maximum number of shares covered by the authorisation of 28 July 2005, which is 2% of the number of shares comprising the share capital on the day of the allocation of free shares.

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

Board of Directors

6.2. Text of resolutions

Combined general meeting of 27 July 2006

I. General meeting in ordinary session

First resolution

(Approval of the parent company financial statements for 2005/2006)

The General Meeting,

having considered the Report of the Board of Directors on the year ended 31 March 2006 and the Report of the Statutory Auditors,

approves the financial statements for the year ended 31 March 2006, comprising the balance sheet, income statement and notes as presented, which disclose a profit of €59,885,232.14 as well as all the transactions reflected in these financial statements or summarised in the Report of the Board of Directors as carried out in the said year.

Second resolution

(Allocation of the profit and setting of the dividend)

The General Meeting,

on the proposal of the Board of Directors and after noting that the financial statements disclose for the year ended 31 March 2006,

• A profit of:	€59,885,232.14
• Increased by the balance brought forward:	€27,878,053.48
Total amount distributable:	**€87,763,285.92**

and decides the following allocation:

• Allocation to the legal reserve:	€72,557.28
• Distribution of a dividend of €1.10 per share:	€50,056,758.40
• Balance carried forward:	€37,633,970.24
Total:	**€87,763,285.92**

The amount paid as dividend is fully eligible for the 40% allowance provided by Article 158-3, 2 of the General Tax Code.

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

In accordance with the law, it is noted that the net dividend during the last three years, for the years concerned, the related tax credit and the amount of dividends distributed that are eligible for the above mentioned allowance for shareholders residing in France, were the following:

Years	2002/2003	2003/2004	2004/2005
Net dividend per share	€1.00	€1.00	€1.00
Tax credit per share	€0.50	€0.50	–
Eligible dividend distributed	–	–	€1.00

Third resolution

(Approval of the consolidated financial statements for 2005/2006)

The General Meeting,

having considered the Report of the Board of Directors and the Report on the consolidated financial statements of the Statutory Auditors,

approves the consolidated financial statements, comprising the balance sheet, income statement and notes, at 31 March 2006, as presented, which disclose a net profit of €77,812,000 as well as all the transactions reflected in these financials statements or summarised in the Report of the Board of Directors as carried out during the said year.

Fourth resolution

(Approval of agreements covered by Article L. 225-38 of the Commercial Code)

The General Meeting,

having considered the Special Report of the Statutory Auditors on the agreements covered by Article L. 225-38 of the Commercial Code,

approves, in accordance with Article L. 225-40 of the Commercial Code, each of the agreements and transactions that occurred or were continued during the year just ended that are mentioned.

Fifth resolution

(Discharge)

The General Meeting,

as a result of the preceding resolutions,

gives, for the year ended 31 March 2006, a full and final discharge to the members of the Board of Directors for their management. It also notes the completion of the assignment of the Statutory Auditors.

Sixth resolution

(Renewal of the terms of office as a Director of Mr François Hériard Dubreuil)

The General Meeting,

on the proposal of the Board of Directors,

decides to renew the terms of office as a Director of Mr François Hériard Dubreuil, for a period of three years, which is until the close of the Annual General Meeting called to consider the financial statements for the year ended 31 March 2009.

Seventh resolution

(Appointment of Mr Jacques-Etienne de T'Serclaes as a member of the Board of Directors)

The General Meeting,

on the proposal of the Board of Directors,

decides to appoint as a member of the Board of Directors Mr Jacques-Etienne de T'Serclaes, for a period of three years, which is until the close of the Annual General Meeting called to consider the financial statements for the year ended 31 March 2009.

Eighth resolution

(Appointment of Mr Gabriel Hawawini as a member of the Board of Directors)

The General Meeting,

on the proposal of the Board of Directors,

decides to appoint as a member of the Board of Directors Mr Gabriel Hawawini, for a period of three years, which is until the close of the Annual General Meeting called to consider the financial statements for the year ended 31 March 2009.

Ninth resolution

(Appointment of Orpar as a member of the Board of Directors)

The General Meeting,

on the proposal of the Board of Directors,

decides to appoint as a member of the Board of Directors Orpar, for a period of three years, which is until the close of the Annual General Meeting called to consider the financial statements for the year ended 31 March 2009.

Tenth resolution

(Reappointment of the principal Statutory Auditor Barbier, Frinault et Autres)

The General Meeting,

having considered the Report of the Board of Directors,

decides to reappoint as Principal Statutory Auditors, Barbier, Frinault et Autres, represented by Mr Richard Olivier, for a period of six years, which is until the close of the Annual General Meeting called to consider the financial statements for the year ended 31 March 2012.

Eleventh resolution

(Appointment of AUDITEX as Alternate Auditors)

The General Meeting,

having considered the Report of the Board of Directors,

decides to appoint AUDITEX, statutory auditors members of the Compagnie régionale de Versailles, based at Tour Ernst & Young, Faubourg de l'Arche, 92037 La Défense Cedex, as Alternate Statutory Auditors, for a period of the term of office of the Principal Statutory Auditors, which is until the close of the Annual General Meeting called to consider the financial statements for the year ended 31 March 2012.

Twelfth resolution

(Setting attendance fees)

The General Meeting, in accordance with Article 19 of the bylaws, sets at €280,000 the global annual amount of attendance fees for the members of the Board of Directors in respect of 2006/07.

Thirteenth resolution

(Authorisation to the Board of Directors to acquire and sell shares in the Company in accordance with Articles L. 225-209 to L. 225-212 of the Commercial Code)

The General Meeting,

having considered the Report of the Board of Directors and the items referred to in the annual report covering all the information that must appear in the description of the programme, in accordance with European regulation No. 2273/2003 of 23 December 2003 covering the terms of application of the 2003/6/CE directive of 28 January 2003, the instructions 2005-06 and 2005-07 revised on 22 February 2005 and Articles 241-1 and subsequent of the Autorité des Marchés Financiers,

authorises the Board of Directors, with the facility to sub-delegate in accordance with the law and regulations, pursuant to Articles L. 225-209 to L. 225-212 of the Commercial Code, to purchase on one or more occasions, at its sole discretion, shares in the Company within the limits stated thereafter.

The purchases of these shares, as well as their sale or transfer, may be carried out within the law and regulations at any time, including the period of a public offer, subject to periods of abstention provided by article 631-6 of the General Regulation of the Autorité des Marchés Financiers or other legal or regulatory requirements, any by all means, on or off-market, including by a public offer or block transactions, sale with repurchase agreement, and by recourse to all derivative financial instruments, notably option transactions, with the exclusion of the sale of options to sell and to the extent that the last means do not lead to a significant increase in the volatility of the share price. The maximum amount of capital that may be acquired or transferred in the form of blocks of shares may be the total of the authorised share purchase programme. Payment can be made in any form.

The maximum purchase price is set at €55 (excluding trading costs) and the minimum sales price at €25 (excluding disposal costs), subject to adjustments related to possible transactions in the capital of the Company, and/or on the nominal value of the shares. The minimum sales price of €25 does not apply in the case of allocations of shares to employees and/or the grant of options to purchase shares to employees and/or management, where the setting of the sales price of the shares shall be determined in accordance with the law and regulations. This minimum price does not apply to the allocation of free shares to employees and/or certain executives.

In the event of an increase in capital by incorporation of reserves, the allocation of free shares, the division or consolidation of shares, the price indicated above shall be adjusted by a coefficient of the ratio of the number comprising the capital before the transaction and the number after the transaction.

The purchases may not bring the number of shares held by the Company after such purchases to over 10% of the shares comprising the share capital, which corresponds to a maximum of 3,979,914 shares calculated net of Treasury shares, shares sold with a repurchase agreement and the purchase of options to purchase shares.

The maximum amount that the Company is liable to pay on the basis of this number of shares is €218,895,270, excluding trading costs.

This programme is designed to enable the following transactions in declining order of priority:

• to stimulate the secondary market or provide liquidity for the Rémy Cointreau share by an investment services provider via a liquidity contract that conforms to AFEI charter recognised by the Autorité des Marchés Financiers;
• to cancel as part of a reduction in share capital, subject to the adoption of the nineteenth resolution submitted to the current General Meeting and having as its object the authorisation of this cancellation, the shares in order to improve the return on equity and the earnings per share;
• to cover the obligations in respect of debt securities giving access to capital;
• to grant the shares in accordance with the terms and conditions provided by law, notably as part of a profit-sharing plan, to service options to purchase shares, as part of a business savings plan or to be used to grant free shares to employees and executives in accordance with Articles L. 225-197 and subsequent of the Commercial Code; and
• to purchase shares and retain them to be used subsequently in exchange or as payment for acquisitions, in accordance with market practices permitted by the Autorité des Marchés Financiers and within the law.

As part of these objectives, these shares purchased may be cancelled, subject to the adoption of the authorisation provided in the nineteenth resolution of the current Combined General Meeting and in accordance with its terms.

This authorisation will expire at the close of the General Meeting called to consider the financial statements for the year ended 31 March 2007, and, at the latest, within eighteen months with effect from today.

This authorisation cancels, with immediate effect, the authorisation given by the Combined General Meting, in ordinary session, of 28 July 2005 in its thirteenth resolution.

The Meeting grants all powers to the Board of Directors, with the facility to delegate, to approve all stock market trading instructions, to sign all deeds of disposal or transfer, conclude all agreements and all option contracts, effect all declarations and formalities with all organisations and, in general, do everything necessary to execute the decisions that have been made by it within the current authorisation. The General Meeting grants all powers to the Board of Directors to proceed with adjustments to the unit price and the maximum number of shares to be acquired as a function of the change in the number of shares or their nominal value arising from possible financial transactions of the Company.

The General Meeting notes that in the event that the Board of Directors uses the current authorisation, the Board of Directors will give an account in a special report presented to the Annual General Meeting, in accordance with Article L. 225-209, paragraph 2 of the Commercial Code, of share purchases that it had authorised, with a note of the final results for each purchase of the number and price of shares thus acquired, the volume of shares used for these ends, as well as possible reallocation to ends other than originally foreseen.

Fourteenth resolution

(Powers to complete formalities)

The Annual General Meeting gives all powers to the bearer of a copy or a certified extract from the current minutes to carry out all legal formalities of filing and advertising.

II. General meeting in extraordinary session

Fifteenth resolution

(Revision, as a result of a legislative change, to Article 8.2 of the bylaws in respect of declarations of crossing the thresholds)

The General Meetings, with the required quorum and majority for Extraordinary General Meetings,

having noted the Report of the Board of Directors,

decides, in accordance with Article L. 233-7 of the Commercial Code, to revise paragraph 1 of Article 8.2 of the bylaws of the Company thus: "Every individual or corporate entity acting above or in concert holding bearer capital securities recorded with an accredited intermediary within the terms of Article L. 211-4 of the Monetary and Financial Code and who come to possess a number of shares that represent more than a twentieth, a tenth, three twentieths, a fifth, a quarter, a third, a half, two thirds, eighteenth twentieths or nineteen twentieths of the capital or voting rights, must inform the Company within five stock market trading days with effect from the crossing of the threshold of holding, of the number of shares or voting rights that it possesses. In addition, every individual or corporate entity acting alone or in concert, who come to hold, in whatever manner within the meaning of Articles L. 223-7 and subsequent of the Commercial Code, a fraction equal to one per cent (1%) of the share capital and the voting rights, or any multiple of this percentage, must inform the Company of the total number of shares and voting rights of these they possess, by way of a registered letter with proof of reception addressed to the registered office within eight stock market trading days with effect from the crossing of one of these thresholds".

Sixteenth resolution

(Cancellation, as a result of a legislative change, of Article 11 in respect of shares with a preference dividend and carrying no right to vote)

The General Meeting, with the required quorum and majority for Extraordinary General Meetings,

having noted the Report of the Board of Directors explaining the change to the regime for marketable securities,

decides, in accordance with Articles L. 228-29-8 to L. 228-29-10 of the Commercial Code, to cancel Article 11 of the bylaws in respect of shares with a preference dividend without a vote as it has no purpose and to renumber the subsequent articles as a result.

Seventeenth resolution

(Revision, as a result of a legislative change, of the previous Article 17.5 of the bylaws in respect of deliberations of the Board of Directors)

The General Meeting, with the required quorum and majority for Extraordinary General Meetings,

having noted the Report of the Board of Directors explaining the possibility provided by law N° 2005-842 of 26 July 2005 for members of a Board of Directors to be present at meetings of the Board of Directors by way of telecommunications,

decides to add to paragraph 4 of the previous Article 17.5 of the Company's bylaws (renumbered to 16.5) the words "for telecommunications enabling their identification and guaranteeing their effective participation" after the words "video-conference means".

Eighteenth resolution

(Revision, as a result of a legislative change, of the previous Articles 24.4 and 24.5 of the bylaws in respect of the quorum thresholds for General Meetings)

The General Meeting, with the required quorum and majority for Extraordinary General Meetings,

having noted the Report of the Board of Directors explaining the reduced regulations provided by law N° 2005-842 of 26 July 2005 for the rules of quorum for General Meetings held in ordinary and extraordinary session,

decides to revise the first phrase of paragraph 1 of the previous Article 24.4 of the Company's bylaws (renumbered as 23.4) thus: "The Annual General Meeting held on the first call can only validly deliberate if the shareholders present or represented hold at least one fifth of shares carrying the right to vote", and the first paragraph of the previous Article 24.5 of the Company's bylaws (renumbered 23.5) thus: "The Extraordinary General Meeting held on the first call can only validly deliberate if the shareholders present or represented hold at least one quarter of shares carrying the right to vote. The Extraordinary General Meeting, held on the second call, can only validly deliberate if the shareholders present or represented hold at least one fifth of shares carrying the right to vote."

Nineteenth resolution

(Authorisation to the Board of Directors to reduce the share capital by cancellation of Treasury shares held by the Company)

The General Meeting, with the required quorum and majority for Extraordinary General Meetings,

having noted the Report of the Board of Directors and the Special Report of the Statutory Auditors,

authorises the Board of Directors, with the facility to subdelegate in accordance with law and regulations, pursuant to Article L. 225-209 of the Commercial Code, to reduce the share capital by cancellation, on one or more occasions, shares in the Company acquired by virtue of the authorisation for the Company to purchase its own shares, the object of the thirteenth resolution of the current meeting or that had been acquired by virtue of previous authorisations for the Company to purchase and sell its own shares.

The Meeting grants all powers to the Board of Directors to carry out at its own discretion, this or these reductions in capital, to approve the amount up to 10% of the share capital per period of twenty four months, to set the terms, to allocate the difference between the nominal value of shares cancelled and their book value to every reserve and premium available, to make the related changes to the bylaws, to proceed with all publications and formalities required, to delegate all powers necessary to implement its decisions, all in accordance with the law in force at the time of use of the current authorisation.

This authorisation will expire at the close of the General Meeting called to consider the financial statements for the year ended 31 March 2007 and, at the latest, within eighteen months from today.

This authorisation cancels and replaces the fifteenth resolution adopted by the Combined General Meeting of 28 July 2005.

Twentieth resolution

(Authorisation to the Board of Directors to increase the share capital by incorporation of reserves, profits or premiums)

The General Meeting, with the required quorum and majority for Extraordinary General Meetings,

after having noted the Report of the Board of Directors,

authorises the Board of Directors, in accordance with Articles L. 225-129, L. 225-129-2 and L. 225-130 of the Commercial Code, with facility to subdelegate in accordance with the law, for a period of twenty six months with effect from the current General Meeting, to increase the share capital, on one or more occasions, at the times and with the terms it determines, by incorporation into capital or reserves, profits or premiums, followed by the creation and free allocation of shares or to increase the nominal value of existing shares or a combination of these two methods.

The new shares will be subject to all the provisions of the bylaws, will be assimilated into the existing shares and enjoy the same rights with effect from the date of realisation of the increase in capital, their rights to dividends will be exercised for the first time on distribution of profit that may be decided in respect of the year in progress on the day of the realisation of the increase in capital

The Meeting authorises the Board of Directors to decide that factional rights will not be negotiable and that the corresponding shares shall be sold with the proceeds of sale allocated to the holders of the rights, in accordance with law and regulations.

The amount of the capital increase that may be carried out under this authorisation may not exceed the nominal amount of €70,000,000, set independent of the maximum limit of increases resulting from the issue of marketable securities authorised by the sixteenth and seventeenth resolutions adopted by the Annual General Meeting of 28 July 2005.

This ceiling is set subject to, if necessary, the consequences of adjustments to the capital according to the law.

The General Meeting confers on the Board of Directors all powers to implement the current resolution, and particularly:
- determine the terms and conditions of transactions authorised and notably to set the amount and nature of reserves and premiums to incorporate into capital, set the number of new shares to be issued or the amount whose nominal value of existing shares comprising the share capital shall be increased, approve the date, even retroactive, which the new shares will be effective or that from which the increase in nominal value will be effective and proceed, where appropriate, to all charges to the issue premium(s) and notably the costs arising from the realisation of share issues;
- take all steps and conclude all agreements to ensure the completion of the transaction(s) envisaged and, in general, do everything necessary, complete all deeds and formalities to render final the capital increase(s) that may be made by virtue of the current delegation, allocate costs of the share capital increase(s) to premium related to these increases and take from this amount the sums necessary to bring the legal reserve to one tenth of the new capital after every increase, as well as proceed with the related change to the bylaws.

The Board of Directors will have every facility to take all measures to revise the bylaws of the Company as a result.

The General Meeting notes that in the event that the Board of Directors uses the current delegation, it will give an account at the Annual General Meeting, in accordance with Article L. 225-100 of the Commercial Code, of the use made of authorisations granted by virtue of the current delegation.

The current authorisation cancels the authorisation given by the Combined General Meeting of 7 September 2004 in the terms of its eight resolution.

Twenty first resolution

(Authorisation to the Board of Directors to proceed with the issue of shares or marketable securities giving access to capital up to 10% of the capital to remunerate transfers in kind)

The General Meeting, having considered the Report of the Board of Directors and the Report of the Statutory Auditors, with the required majority for Extraordinary General Meetings and in accordance with Article L. 225-147 of the Commercial Code,

authorises the Board of Directors, with facility to subdelegate to any person approved by law and where Article L. 225-148 of the Commercial Code does not apply, for a period of twenty six months from the date of the current General Meeting, to proceed with all issues of shares or marketable securities giving access to capital (with the exception of preference shares), up to 10% of the share capital at the time of issue, in view to remunerate transfers in kind to the Company and comprising capital securities or marketable securities giving access to capital.

The ceiling of 10% provided above is independent of all ceilings provided by the twentieth resolution of the current Extraordinary General Meeting and the sixteenth, seventeenth, nineteenth and twentieth resolutions adopted by the Combined General Meeting of 28 July 2005.

The General Meeting notes that the current delegation carries the waiver by the shareholders of their pre-emption right to subscribe for shares in the Company to which the marketable securities that shall be issued on the basis of the current authorisations could carry the right.

The General Meeting delegates all powers to the Board of Directors to proceed with the approval and evaluation of transfers, to decide on the increase in capital to remunerate the transfer, to note its completion, and to proceed with the related revisions to the bylaws.

Twenty second resolution

(Delegation of authority to the Board of Directors to increase the share capital by incorporation of reserves or premiums reserved for beneficiaries of newly issued free shares)

The General Meeting, with the required quorum and majority for Extraordinary General Meetings,

having considered the Report of the Board of Directors and the Special Report of the Statutory Auditor,

taking into account the authorisation granted to the Board of Directors to proceed with the free allocation of shares in the Company for the benefit of employees or executives of the Company or companies related in accordance with Article L. 225-197-II of the Commercial Code in respect of the twenty first resolution of the Combined General Meeting of 28 July 2005,

decides that the free shares may be shares newly created by the Company,

as a result and in accordance with Articles L. 225-129, L. 225-129-2 and L. 225-130 of the Commercial Code, delegates for a period of twenty six months with effect from the adoption of the current resolution, with facility to subdelegate to the Board of Directors, the authority to, in accordance with the law, increase the share capital on one or more occasions, in the proportions and at the times it determines, by incorporation of reserves or premium reserved to beneficiaries of shares to be issued as part of a free issue in accordance with the twenty first resolution of the Combined General Meeting of 28 July 2005.

The shares will be issued at their nominal value, the shareholders note the absence of the pre-emption right to subscribe for these shares.

The nominal amount of the capital increase(s) likely to be decided by the Board of Directors and carried out, immediately or in time, by virtue of the current delegation of authority may not exceed a maximum of €1,450,000, it being noted that the nominal amount of all capital increase carried out under the current delegation of authority are included in the overall ceilings set by the terms of the sixteenth and seventeenth resolutions of the Combined General Meeting of 28 July 2005.

This ceiling is set subject to, where appropriate, the consequences on the capital of adjustments made in accordance with the law.

In the event of a capital increase giving rise to the allocation of new shares, the Board of Directors may decide that the fractional rights are not negotiable and that the corresponding shares shall be sold, in accordance with Article L. 225-130 of the Commercial Code.

The General Meeting notes that in the event that the Board of Directors uses the current delegation, it will give an account at the Annual General Meeting, in accordance with Article L. 225-100 of the Commercial Code of the use made of authorisation granted by virtue of the current resolution.

The Board of Directors will have every facility to take all steps in order to revise the bylaws of the Company as a result.

Twenty third resolution

(Authorisation to the Board of Directors to allocate the costs arising from capital increases carries out to the premiums relating to these transactions)

The General Meeting, with the required quorum and majority for Extraordinary General Meetings,

authorises the Board of Directors to allocate the costs, taxes and fees incurred for the capital increases carried out by virtue of the authorisations given by the preceding resolution, to the premiums arising from these transactions and to transfer from these premiums the amount required to bring the legal reserve to one tenth of the new capital, after every transaction.

Twenty fourth resolution

(Powers to complete formalities)

The Extraordinary General Meeting gives all powers to the bearer of a copy or a certified extract from the current minutes to carry out all legal formalities of filing and advertising.

7. Person responsible for the reference document and information policy

7.1. Person responsible for the reference document

Monsieur Jean-Marie Laborde,
Chief Executive Officer of Rémy Cointreau

7.2. Certificate of the person responsible for the reference document

"To the best of my knowledge, the information contained in this reference document is accurate and contains no omissions likely to change this view.

I have obtained from the statutory auditors, a letter attesting to the completion of their assignment, stating that they have verified the information concerning the financial situation and financial statements provided in the current reference document and have read this document."

Jean-Marie Laborde,
Chief Executive Officer of Rémy Cointreau

7.3. Information included by reference

Pursuant to Article 28 of Commission Regulation (EC) No. 809/2004, the following items are included by reference in this document:

- consolidated financial statements for the 2004/05 financial year, prepared in accordance with French Law and CRC Regulation No. 99-02, as well as the Statutory Auditors' report relating to them, respectively presented on pages 42 to 68 of the Reference Document filed with the AMF on 30 June 2005;
- the report on the transition to IFRS, as well as the Statutory Auditors' report relating to them, filed with the AMF on 8 December 2005;
- consolidated financial statements for the 2003/04 financial year, prepared in accordance with French Law and CRC Regulation No. 99-02, as well as the Statutory Auditors' report relating to them, respectively presented on pages 48 to 77 of the Reference Document filed with the AMF on 30 June 2005;
- Rémy Cointreau S.A. company financial statements for the 2004/05 financial year, prepared in accordance with French Law, as well as the Statutory Auditors' report relating to them, respectively presented on pages 71 to 84 of the Reference Document filed with the AMF on 30 June 2005; and
- Rémy Cointreau S.A. company financial statements for the 2003/04 financial year, prepared in accordance with French Law, as well as the Statutory Auditors' report relating to them, respectively presented on pages 78 to 95 of the Reference Document filed with the AMF on 30 June 2004.

7.4. Publicly available documents

The bylaws, AGM reports, Statutory Auditors' reports and other corporate documents may be consulted at the Company's registered office. Financial information and various information on Company organisation and operations are available on the Group's website: www.remy-cointreau.com

The table below lists all documents published between 1 April 2005 and 30 June 2006

Theme	Date	Available on
Strategic alliance in Poland	18/04/05	www.remy-cointreau.com www.amf-france.org
Declaration of Treasury share transactions	5/04/05	www.amf-france.org
Declaration of Treasury share purchase and disposal transactions	25/04/05	www.amf-france.org
12-months Group turnover	20/04/05 29/04/05	www.remy-cointreau.com www.amf-france.org balo.journal.officiel.gouv.fr
Group annual results	08/06/05	www.remy-cointreau.com www.amf-france.org
Renegotiated €500 million syndicated credit	07/06/05	www.remy-cointreau.com www.amf-france.org
Declaration of dealing in securities by Group directors	13/06/05	www.amf-france.org
Noteholders meeting report	23/06/05	www.remy-cointreau.com
Company and consolidated financial statements Statutory Auditors' report	29/06/05	balo.journal.officiel.gouv.fr www.amf-france.org
Reference document	30/06/05	www.remy-cointreau.com
Notice of AGM Error note	20/06/05 13/07/05 07/07/05 08/07/05	balo.journal.officiel.gouv.fr balo.journal.officiel.gouv.fr La Tribune Le Courrier Français
Rémy Cointreau share buy-back programme	08/07/05	www.remy-cointreau.com www.amf-france.org
Rémy Cointreau investment in CEDC	28/06/05	www.remy-cointreau.com www.amf-france.org
Q1 Group turnover	21/07/05 29/07/05	www.remy-cointreau.com www.amf-france.org balo.journal.officiel.gouv.fr
Completion of the Alliance with CEDC in Poland	17 /08/05	www.remy-cointreau.com www.amf-france.org
Notice of approval of financial statements	09/09/05	balo.journal.officiel.gouv.fr
Declaration of dealing in securities by Group directors	06/10/05	www.amf-france.org
Group interim turnover	19/10/05 28/10/05	www.remy-cointreau.com www.amf-france.org balo.journal.officiel.gouv.fr

Theme	Date	Available on
Declaration of dealings in securities by Group directors	26/10/05	www.amf-france.org
Liquidity contract concluded with Rothschild & Cie	14/11/05	www.remy-cointreau.com www.amf-france.org
Report on the transition to IFRS	8/12/05	www.remy-cointreau.com www.amf-france.org
Group interim results	8/12/05	www.remy-cointreau.com www.amf-france.org
Declaration of Treasury share purchase and disposal transactions	12/12/05	www.amf-france.org
Certification of interim financial statements by Statutory Auditors	19/12/05	balo.journal.officiel.gouv.fr
Interim report on the liquidity contract	04/01/06	www.amf-france.org
Declaration of Treasury share purchase and disposal transactions	16/01/06	www.amf-france.org
Nine months Group turnover	18/01/06 30/01/06	www.remy-cointreau.com www.amf-france.org balo.journal.officiel.gouv.fr
Declaration of Treasury share purchase and disposal transactions	13/02/06	www.amf-france.org
Declaration of securities transactions by Group directors	20/02/06	www.amf-france.org
Declaration of Treasury shares transactions	21/02/06	www.amf-france.org
Disposal of Bols to ABN AMRO Capital	10/03/06	www.remy-cointreau.com www.amf-france.org
Declaration of Treasury share purchase and disposal transactions	20/03/06	www.amf-france.org
Declaration of dealing in securities by Group directors	12/04/06	www.amf-france.org
Declaration of Treasury share purchase and disposal transactions	18/04/06	www.amf-france.org
Twelve months turnover	20/04/06 08/05/06	www.remy-cointreau.com www.amf-france.org balo.journal.officiel.gouv.fr
Declaration of Treasury share purchase and disposal transactions	05/06/06	www.amf-france.org
Declaration of securities transactions by directors of the Company	02/06/06	www.amf-france.org
Declaration by Directors of the Company	07/06/06	www.amf-france.org
Annual consolidated results	12/06/06	www.remy-cointreau.com www.amf-france.org
Notice of AGM	23/06/06	balo.journal.officiel.gouv.fr
Declaration of Treasury share purchase and disposal transactions	26/06/06	www.amf-france.org
Company and consolidated financial statements	07/07/06	balo.journal.officiel.gouv.fr

Reconciliation table

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

The present document has been filed with the Autorité des Marchés Financiers on 5 July 2006, in accordance with articles 212-13 of its General Regulation. It can be used in a financial transaction in conjunction with a prospectus which carries the approval of the Autorité des Marchés Financiers.

Notes

Rémy Cointreau
21, boulevard Haussmann
75009 Paris - France
www.remy-cointreau.com

Production: WPRINTEL

www.remy-cointreau.com