RÉMY COINTREAU

REMY COINTREAU GROUP

CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2005

CONSOLIDATED BALANCE SHEET

For the 6 months from 1 April to 30 September 2005 and 1 April 2004 to 30 September 2004, and for the year ended 31 March 2005. The amounts below have been presented in accordance with the requirements of International Financial Reporting Standards (IFRS).

ASSETS (€ millions)	Notes	30 September 2005	30 September 2004	31 March 2005
Intangible assets		818.8	975.4	922.7
Property, plant and equipment		185.8	203.3	195.6
Investments in associates	3	115.4	95.9	113.6
Other investments		72.6	10.7	7.7
Deferred tax assets		2.1	4.0	3.9
Total non-current assets		**1,194.7**	**1,289.3**	**1,243.5**
Inventories		845.5	845.4	845.9
Trade and other receivables		283.2	286.4	239.7
Current tax assets		4.8	6.5	6.8
Derivative financial instruments		4.2	12.0	8.9
Cash and cash equivalents		20.8	33.6	53.6
Total current assets		**1,158.5**	**1,183.9**	**1,154.9**
Total assets		**2,353.2**	**2,473.2**	**2,398.4**

EQUITY AND LIABILITIES (€ millions)	Notes	30 September 2005	30 September 2004	31 March 2005
Share capital	4	72.5	71.6	72.1
Share premium		637.3	626.4	630.7
Treasury shares		(0.6)	(10.5)	(0.6)
Consolidated reserves		122.9	126.2	119.9
Translation reserve		6.2	(0.6)	(3.0)
Net profit – Group share		42.9	18.7	49.8
Equity – Group share		**881.2**	**831.8**	**868.9**
Minority interests		(2.8)	15.7	19.4
Total equity		**878.4**	**847.5**	**888.3**
Long-term borrowings		428.9	781.4	746.5
Provisions for retirement		27.1	23.1	27.1
Long-term provisions for liabilities and charges		32.3	32.9	24.1
Deferred tax liabilities		239.0	301.4	273.4
Total non-current liabilities		**727.3**	**1,138.8**	**1,071.1**
Short-term borrowings and accrued interest		400.3	189.0	170.0
Trade and other payables		304.7	276.1	244.0
Current tax liabilities		18.8	3.2	2.9
Short-term provisions for liabilities and charges		14.7	15.0	19.4
Derivative financial instruments		9.0	3.6	2.7
Total current liabilities		**747.5**	**486.9**	**439.0**
Total equity and liabilities		**2,353.2**	**2,473.2**	**2,398.4**

RÉMY COINTREAU

CONSOLIDATED INCOME STATEMENT

For the 6 months from 1 April to 30 September 2005 and 1 April 2004 to 30 September 2004, and for the year ended 31 March 2005. The amounts below have been presented in accordance with the requirements of International Financial Reporting Standards (IFRS).

(€ millions)	Notes	30 September 2005	30 September 2004	31 March 2005
Revenue	**5/6**	**397.8**	**386.9**	**823.8**
Cost of sales		(194.4)	(181.6)	(385.0)
Gross profit		**203.4**	**205.3**	**438.8**
Distribution costs	**7**	(105.6)	(107.7)	(221.0)
Administrative expenses	**7**	(39.1)	(41.2)	(87.9)
Other income from operations	**7**	5.7	3.9	12.1
Operating profit on ordinary activities	**5**	**64.4**	**60.3**	**142.0**
Provisions for impairment		-	-	(28.8)
Other operating income (expenses)	**8**	-	(9.6)	1.7
Operating profit		**64.4**	**50.7**	**114.9**
Finance costs		(32.5)	(26.4)	(53.8)
Other financial income and expenses	**9**	-	-	(2.0)
Net financial expenses		**(32.5)**	**(26.4)**	**(55.8)**
Profit before tax		**31.9**	**24.3**	**59.1**
Income tax expense		(10.2)	(8.3)	(10.5)
Share of profit of associates	**3**	2.3	1.3	7.4
Profit from continuing operations		**24.0**	**17.3**	**56.0**
Profit (loss) from discontinuing operations	**12**	15.1	2.8	(0.7)
Profit for the period		**39.1**	**20.1**	**55.3**
Attributable to minority interests		3.8	(1.4)	(5.5)
Net profit – Group share		**42.9**	**18.7**	**49.8**
Basic earnings per share (€)				
Net profit – Group share		0.95	0.42	1.13
Profit from continuing operations		0.53	0.39	1.27
Number of shares	**4**	**45,178,638**	**44,184,921**	**44,247,047**
Diluted earnings per share (€)				
Net profit – Group share		0.91	0.46	1.17
Profit from continuing operations		0.56	0.44	1.29
Number of shares	**4**	**52,598,104**	**51,405,269**	**51,484,073**

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the year from 1 April 2004 to 31 March 2005 and the 6 months from 1 April 2005 to 30 September 2005. The amounts below have been presented in accordance with the requirements of International Financial Reporting Standards (IFRS).

(€ millions)	Share capital	Share premium	Treasury shares	Consolidated reserves (including profit for period)	Translation reserve	**Equity – Group share**	Minority interests	**Total equity**
Balance at 1 April 2004 (IFRS)	**71.6**	**626.4**	**(10.5)**	**170.0**	**0.0**	**857.6**	**13.5**	**871.1**
Profit for the period				**49.8**		**49.8**	**5.5**	**55.3**
Actuarial gains on retirement obligations				(7.3)		**(7.3)**		**(7.3)**
Share-based payments				(0.8)		**(0.8)**		**(0.8)**
Deferred taxes on restatements				2.1		**2.1**		**2.1**
Translation differences					(3.0)	**(3.0)**	0.4	**(2.6)**
Net income recognised directly in equity	**0.0**	**0.0**	**0.0**	**(6.0)**	**(3.0)**	**(8.9)**	**0.4**	**(8.6)**
Total recognised income and expense for period	**0.0**	**0.0**	**0.0**	**43.8**	**(3.0)**	**40.8**	**5.9**	**46.7**
Capital increase	0.4	4.3				**4.7**		4.7
Transactions in treasury shares			9.9			**9.9**		9.9
Dividends				(44.0)		**(44.0)**		(44.0)
Dividends and shareholder transactions	**0.4**	**4.3**	**9.9**	**(44.0)**	**0.0**	**(29.5)**	**0.0**	**(29.5)**
Balance at 31 March 2005 (IFRS)	**72.1**	**630.7**	**(0.6)**	**169.8**	**(3.0)**	**868.9**	**19.4**	**888.3**
Impact of first-time adoption of IAS 32 and IAS 39				**5.2**		**5.2**	**(8.0)**	**(2.9)**
Balance at 1 April 2005 (IFRS)	**72.1**	**630.7**	**(0.6)**	**174.9**	**(3.0)**	**874.1**	**11.4**	**885.5**
Profit for the period				**42.9**		**42.9**	**(3.8)**	**39.1**
Change in value of financial instruments				(6.7)		**(6.7)**		(6.7)
Share-based payments				0.6		**0.6**		**0.6**
Changes in consolidation scope						**0.0**	(10.5)	**(10.5)**
Deferred taxes on restatements				3.7		**3.7**		**3.7**
Other (1)				(4.5)		**(4.5)**		**(4.5)**
Translation differences					9.2	**9.2**		**9.2**
Net income recognised directly in equity	**0.0**	**0.0**	**0.0**	**(7.0)**	**9.2**	**2.2**	**(10.5)**	**(8.2)**
Total recognised income and expense for period	**0.0**	**0.0**	**0.0**	**35.9**	**9.2**	**45.1**	**(14.2)**	**30.9**
Capital increase	0.5	6.6				**7.1**		7.1
Dividends				(45.0)		**(45.0)**		(45.0)
Dividends and shareholder transactions	**0.5**	**6.6**	**0.0**	**(45.0)**	**0.0**	**(38.0)**	**0.0**	**(38.0)**
Balance at 30 September 2005 (IFRS)	**72.5**	**637.3**	**(0.6)**	**165.8**	**6.2**	**881.2**	**(2.8)**	**878.4**

(1) *Impact of standardizing accounting treatment applied to contracts with distillers.*

RÉMY COINTREAU

CONSOLIDATED CASH FLOW STATEMENT

For the 6 months from 1 April 2005 to 30 September 2005 and 1 April 2004 to 30 September 2004. The amounts below have been presented in accordance with the requirements of International Financial Reporting Standards (IFRS).

(€ millions)	30 September 2005	30 September 2004
Cash and cash equivalents at start of period	**53.6**	**68.1**
Operating profit from ordinary activities	64.4	60.3
Adjustment for depreciation and amortisation	7.5	7.9
Adjustment for share-based payments (IFRS 2)	0.6	0.4
Dividends received from associates	5.9	5.8
Sub-total	78.4	74.4
- Increase in inventories	(6.3)	36.7
- Increase in trade receivable	(85.0)	(39.6)
- Increase (decrease) in trade payables	25.7	(28.4)
- Changes in other receivables and payables	9.7	
Increase in working capital requirements	(55.9)	(31.3)
Cash generated from operations	**22.5**	**43.1**
Other operating cash flows		
- Other expenses paid	(4.4)	(5.1)
- Interest paid	(28.3)	(26.5)
- Income taxes paid	(1.9)	(14.8)
Net cash used in operating activities	**(12.1)**	**(3.3)**
Purchases of property, plant and equipment	(9.0)	(6.6)
Proceeds on disposals of property, plant and equipment	1.8	0.4
Proceeds on sales of shares	56.4	
Net effect of discontinued operations	(5.5)	2.8
Net payment in respect of other investments	-	(2.9)
Net cash from (used in) investing activities	**43.7**	**(6.3)**
Capital increase	7.1	
Net change in borrowings	(71.9)	(24.9)
Effect of change in exchange rates on net cash position	0.4	
Net cash used in financing activities	**(64.4)**	**(24.9)**
Change in net cash positions	**(32.8)**	**(34.5)**
Cash and cash equivalents at end of period	**20.8**	**33.6**

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 for the periods beginning on or after 1 April 2005 are prepared in accordance with the standards issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB as approved or in the course of being approved by the European Union at the end of the reporting period.

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. The impact of these new standards on the financial statements for the 6 months to September 2004 is detailed in **Note 10**.

IAS 32 and IAS 39 were only implemented with effect from 1 April 2005, as permitted by IFRS 1. Amendments to IAS 39 regarding cash flow hedges of intragroup transactions and the application of the fair value option were applied although these had not been adopted formally by the European Union at the end of the reporting period. The impact of the first-time adoption of these standards is detailed in **Note 11**.

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.

The interim financial statements were prepared using the same accounting policies and valuation methods as for the annual financial statements, except for income tax expense that was estimated on the basis of the annual effective tax rate borne by each company included in the consolidation scope. The financial statements were prepared in accordance with the Article 221-5 of the General Regulations of *Autorité des Marchés Financiers* dealing with the preparation of interim financial statements. Given this option, the interim financial statements do not include all the annex information required by IAS 34 "Interim report" as adopted by the European Union.

1.1 Recourse to 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 hypothesis 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 as regards the valuation of:

- Brands;
- Retirement obligations;
- Stock option plans;
- Financial instruments.

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 presentation currency of the Rémy Cointreau is the euro. The balance sheets of foreign subsidiaries 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 reserves" until the disposal 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 liabilities 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 reserves.

The Rémy Cointreau Group generates around 70% of its revenue outside the Euro zone, 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 as financial income or charges (other cash flows) as the hedged transactions are completed;
- Financial results for the ineffective part of the hedging of trading cash flows, including changes in the time value of the options.

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 total value of identifiable assets and liabilities at the date of acquisition.

Goodwill may also be recognised in respect of a commitment to purchase shares held by minority interests when the value of this commitment exceeds the amount recorded on the liability side under minority interests.

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 were 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 are not amortised when they enjoy legal protection, 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 to 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 market 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 revalued subsequently.

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, eventually increased to reflect fair value adjustments, and deduction made of any estimated residual value.

The Group owns assets that are used mainly in production, this 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 be consumed by the enterprise.

Property according to the nature of the individual items	75 years
Stills, barrels and vats	50 years
Technical installations, equipment and tooling	15 years
Computer equipment	5 years
Other assets	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 right – see **Note 1.5)**.

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 constitute 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 in comparing the carrying of the brands and related assets to their present value, being the highest of their value in use and their market value.

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 approved by management. 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 2005, the following assumptions were used:

- Discounts rates ranging from 7% to 10.2%;
- Infinite growth rates ranging from nil to 4% depending on each case.

When recent transactions involving similar assets have taken place, multiples for these transactions were 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 the inventories' 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 a recognition of the corresponding liability under trade payables.

A substantial part of the inventories held by the Group consists of ageing spirits (cognac, brandy, rum and armagnac) and wines (champagne). These inventories may be held for period ranging from 3 to more than 70 years. 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 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.

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

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 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. Accordingly, it is estimated that their realisable value corresponds to their cost of acquisition reduced, when applicable, by provisions for impairment to state these investments at their value in use.
The latter is assessed by reference to several criteria, notably net assets and unrealised gains and earnings prospects.

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 items 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 balance sheet at their market value on the balance sheet date. Changes in the value of these instruments are recognised in the manner described in **Note 1.4** when the instruments are used to hedge a currency risk.

Derivative instruments used to hedge a currency risk or an interest rate risk are classified as current assets and liabilities regardless of their term, which is always less than 18 months, because they are considered to form an integral part of the Group's operations.

Other derivative instruments held by the Group result from one-off transactions linked to divestments, see **Note 12**, 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) Loans and other borrowings

Loans and other borrowings of the Group comprise 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 borrowings of the debt securitisation fund.

As required by IAS 32 and IAS 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 borrowings 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 on account of the 50% shareholding held in the Polish company Bols Sp.z.o.o. This commitment was valued 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 is no longer appears in financial statements prepared since that date.

1.11 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 distribution 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 entity by entity.

1.12 Provisions for liabilities 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 two years, 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.

1.13 Pension and other long-term employee liabilities

In accordance with laws and practices in each country, Rémy Cointreau participate 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;
- 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 (provision for restructuring).

As permitted by IFRS 1, the Group has elected to recognize 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.

Finance costs on pension obligations and financial income representing the expected return on plan assets are recognised in profit or loss as financial items.

1.14 Revenue

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 net of alcohol duties and sales taxes and are determined by reference to the company's price list. 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 revenues that are ancillary to the sale of the wine and spirit brands - notably revenues from subcontracting and the distribution of alcohol-free products – are recorded under other operating income for their net amount to the extent they are peripheral to the Group's core activity.

1.15 Definition of certain indicators

a) Operating profit on ordinary activities, operating profit, and profit (loss) from discontinuing operations

Operating profit on ordinary activities 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 "Profit (loss) from discontinuing 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 operating profit on ordinary activities 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 borrowing, short term borrowings and accrued interest, less cash and cash equivalents.

1.16 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 regroups 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 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.

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, Americas and Asia and Rest of World (Asia, Australia, New Zealand and Africa).

1.17 Treasury shares

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

1.18 Stock option plans

In accordance with the transitional provisions of IFRS 2, *Share-based Payments*, the stock option plans since 7 November 2002, i.e. Plans no. 12 and no. 13, 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. When amounts are expensed as administrative expenses, they are credited to reserves.

1.19 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, adding the shares corresponding to conversion of bonds when such 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 condition 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.

1.20 Discontinuing operations

When a company or a major 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 "*Profit (loss) from discontinuing operations*". A similar reclassification is performed in the cash flow statement on the line "*Net effect of discontinuing operations*".
- For the period during which the company or activity was sold, each line of the income statement through the date of disposal is reclassified on the line "*Profit (loss) from discontinued operations*".
- The profit or loss on the sale, net of transaction costs and taxes, is also recorded on the line "*Profit (loss) from discontinued operations*".

1.21 Consolidation of cooperatives

Since 1 April 2003, Rémy Cointreau has consolidated the two cognac 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 cognac 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 distillers 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 in the financial statements for the six months ended 30 September 2005. This was done after restating the inventory value to comply with Group accounting policies.

RÉMY COINTREAU

2- CHANGE IN CONSOLIDATION SCOPE

On 17 August 2005, Rémy Cointreau finalised the sale of its interest in Bols Spzoo, the Polish production and distribution joint venture. Details of this transaction are provided in **Note 12.**

The activities sold were consolidated from 1 April 2005 to 17 August 2005 on the line "Profit (loss) from discontinued operations". Revenue and expense items contributed by these activities were reclassified on the same line for the comparatives.

The Bols Spzoo joint venture contributed the following amounts to the financial statements of the Rémy Cointreau Group:

(€ millions)

	30 September 2005 (1)	30 September 2004	31 March 2005
Revenue	**18.0**	**30.7**	**72.1**
Gross profit	9.0	18.1	42.2
Administrative expenses	(7.9)	(13.3)	(25.9)
Operating profit on ordinary activities	**1.1**	**4.8**	**16.3**
Finance costs	(0.5)	(1.1)	(2.2)
Profit before tax	**0.6**	**3.7**	**14.1**
Income tax expense	(0.1)	(0.9)	(3.3)
Net profit for the period	**0.5**	**2.8**	**10.8**

(1) Accounts to 17 August 2005

(€ million)

ASSETS	**31 March 2005**
Intangible assets	0.8
Plant, property and equipment	10.6
Deferred tax assets	2.2
Total non-current assets	**13.6**
Inventories	5.9
Trade and other receivables	32.7
Total current assets	**38.6**
Cash and cash equivalents	9.2
Total assets	**61.4**
Share capital and share premium	4.1
Reserves	6.1
Translation reserve	1.6
Equity attributable to equity holders of parent	**11.8**
Minority interests	11.7
Total equity	**23.5**
Long-term borrowings	0.7
Deferred tax liabilities	0.5
Total non-current liabilities	**1.2**
Short-term borrowings and accrued interest	0.5
Trade and other payables	35.5
Current tax liability	0.7
Total current liabilities	**36.7**
Total equity and liabilities	**61.4**

The transaction also resulted in the de-recognition of €104.4 million of intangible assets.
Data related to profit and loss statement do not include the re-integration of the sales realised by the other Group companies with Bols Sp.z.o.o. (about €3 million per year).

3. INVESTMENTS IN ASSOCIATES

(€ millions)	Maxxium	Dynasty	Avandis	Total
At 31 March 2005	**77.9**	**32.1**	**3.6**	**113.6**
Dividends paid (1)	(3.4)	(2.5)		**(5.9)**
Profit for the period	1.1	1.2		**2.3**
Translation adjustment	1.4	4.0		**5.4**
At 30 September 2005	**77.0**	**34.8**	**3.6**	**115.4**
At 31 March 2004	**78.4**	**18.7**	**3.6**	**100.7**
Dividends paid (1)	(3.2)	(2.6)		**(5.8)**
Profit (loss) for the period	(0.7)	2.0		**1.3**
Translation adjustment	(0.1)	(0.2)		(0.3)
At 30 September 2004	**74.4**	**17.9**	**3.6**	**95.9**
At 31 March 2004	**78.4**	**18.7**	**3.6**	**100.7**
Dividends paid (1)	(3.2)	(4.6)		**(7.8)**
Profit for the period	2.3	5.1		**7.4**
Dilution gain (2)		13.7		**13.7**
Translation adjustment	0.4	(0.8)		(0.4)
At 31 March 2005	**77.9**	**32.1**	**3.6**	**113.6**

(1) In the case of Maxxium, the dividend was drawn from the transfer premium.
(2) Dilution gain arising from the initial public offering of Dynasty Fine Wines Group Ltd.

Rémy Cointreau owns 25% of the Maxxium BV distribution venture, to which it is bound by a strategic distribution agreement signed with three other partners: Highland Distillers, Jim Beam Brands, and Vin & Sprit. This agreement contains specific rules regarding the appropriation of the profits of Maxxium BV between the partners, with as consequence that the profits and dividends are not appropriated by reference to the partners' interest in the capital (25% each).

4- EQUITY

4.1. Share capital

At 30 September 2005, the share capital consisted of 45,340,924 shares with a par value of €1.60 per share.

Between 1 April 2005 and 30 September 2005, 288,263 shares were issued in connection with the stock options granted to certain employees. This increased share capital by €0.5 million and share premium by €6.6 million.

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

4.2. Numbers of shares used for the calculation of earnings per share

Basic earnings per share are calculated based on the weighted average number of shares in issue during the reporting period, with the addition of shares resulting from the conversion of convertible bonds when such conversion is not optional.

Diluted earnings per share are calculated based on the weighted average number of shares in issue during the reporting period adjusted for the number of shares that might eventually be issued as a result of the exercise of all stock options and convertible bonds. As required by IAS 33, it was assumed that the proceeds from exercise of the options would be used to repurchase ordinary shares at the average market price during the period.

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 reporting period.

September 2005			
Shares in issue:	At period end	Average	Diluted
At the start of the period:			
Shares in issue	45.052.661	45.052.661	45.052.661
Treasury shares	(30.000)	(30.000)	(30.000)
Convertible bonds		30.032	30.032
Issued during the period	288.263	125.945	125.945
Subtotal	**45.310.924**	**45.178.638**	**45.178.638**
Shares that could be issued in the future:			
Exercise of stock options			585.775
Conversion of OCEANE bonds			6.833.691
Sub-total			**7.419.466**
Total	**45.310.924**	**45.178.638**	**52.598.104**

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 €35.94.

September 2004			
Shares in issue:	At period end	Average	Diluted
At the start of the period:			
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	14.190	7.470	7.470
Subtotal	**44.161.609**	**44.184.921**	**44.184.921**
Shares that could be issued in the future:			
Exercise of stock options			386.657
Conversion of OCEANE bonds			6.833.691
Subtotal			**7.220.348**
Total	**44.161.609**	**44.184.921**	**51.405.269**

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 €27.61.

March 2005			
Shares in issue:	At period end	Average	Diluted
At the start of the period:			
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	272.812	58.043	58.043
Sales 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			403.335
Conversion of OCEANE bonds			6.833.691
Subtotal			**7.237.026**
Total	**45.022.661**	**44.247.047**	**51.484.073**

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.

4.3. Dividends

At 30 September 2005, a dividend payable for the year ended 31 March 2005 amounting to €45 million, i.e. €1.00 per share, was recognised.

5- REPORTING BY BUSINESS SEGMENT

Brands are grouped into four segments that comprise the following main products and brands:

Cognac:	Rémy Martin
Liqueurs and Spirits:	Cointreau, Passoa, Bols, Galliano, Pisang Ambon, Metaxa, Saint Rémy, Mount Gay, Bokma
Champagne:	Piper Heidsieck, Charles Heidsieck
Partner brands:	Non proprietary brands, whose production is not controlled fully by the Group, but which are distributed by the Group's own distribution network. They include mainly the Highland Distillers scotch whiskies, the Antinori wines and Piper Sonoma wines in the US.

	Revenue		Operating profit on ordinary activities	
(€ millions)	September 2005	September 2004	September 2005	September 2004
Cognac	154.0	155.6	31.8	34.7
Liqueurs and Spirits	135.3	134.6	29.2	24.6
Champagne	48.7	48.1	1.7	0.0
Partner brands	59.8	48.6	1.7	1.0
Total	**397.8**	**386.9**	**64.4**	**60.3**

6- REPORTING BY GEOGRAPHICAL SEGMENT

	Revenue	
(€ millions)	September 2005	September 2004
Europe	157.7	157.9
United States	151.2	142.5
Rest of World	88.9	86.5
Total	**397.8**	**386.9**

7- ANALYSIS OF OPERATING EXPENSES BY NATURE

(€ millions)	September 2005	September 2004	March 2005
Staff costs	(52.6)	(54.4)	(104.4)
Other costs	(108.2)	(111.4)	(231.5)
Depreciation and amortisation	(7.5)	(7.9)	(16.1)
Costs transferred to inventories and cost of sales	29.3	28.7	55.2
Total	**(139.0)**	**(145.0)**	**(296.8)**
Of which:			
Distribution costs	(105.6)	(107.7)	(221.0)
Administrative expenses	(39.1)	(41.2)	(87.9)
Other income from operations	5.7	3.9	12.1
Total	**(139.0)**	**(145.0)**	**(296.8)**

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.

8- OTHER OPERATING INCOME AND EXPENSES

(€ millions)	September 2005	September 2004	March 2005
Provision for restructuring		(10.2)	(12.9)
Dynasty dilution gain, net of related expenses			13.1
Profit on sale of non-current assets		0.6	1.5
Total	**0.0**	**(9.6)**	**1.7**

9- OTHER FINANCIAL INCOME AND EXPENSES

This comprises financial income and expenses other than finance costs.

(€ millions)	September 2005	September 2004	March 2005
Change in fair value of participating interests	4.5		
Effect of stating at net present value	(0.9)	(0.4)	(0.5)
Foreign exchanges gain (losses)	(3.6)	0.4	(1.1)
Miscellaneous financial income and expenses	0.1		(0.4)
Other financial income and expenses	**(0.0)**	**(0.0)**	**(2.0)**

10- IMPACT OF FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The purpose of this note is to complete information on the impact of the first-time adoption of International Financial reporting Standards (IFRS) already published by presenting the impact on the financial statements for the period to 30 September 2004 used as comparatives in the present document.

Information already published was contained in Section 5.1.2, pages 39 to 41 of the 2004-05 Reference Document, subsequently updated by a so-called Transition Report detailing the impact on the opening balance sheet at 1 April 2004 and on the financial statements for the year ended 31 March 2005.

Comments relating to the application of IFRS 1, *First-time Adoption of International Financial Reporting Standards*, have not been reproduced in this document, or the description of the effects on these standards on the accounting policies applied by Rémy Cointreau (see Chapter 5.1.2 of the 2004-05 Reference Document). A detailed description quantifying the effects of IFRS adjustments can be found in the Transition Report.

10.1 Impact on equity at 30 September 2004

(€ million)	30 September 2004 Group	Minority interests	Total
Equity – French generally accepted accounting principles	**1,086.9**	**13.6**	**1,100.5**
Application of IAS 16 and 38	34.6		34.6
Gain on contribution and goodwill of Maxxium (IFRS 3)	22.7		22.7
Recognition of deferred actuarial differences (IAS 19)	(12.7)		(12.7)
Post-retirement healthcare plans (IAS 19)	(3.4)		(3.4)
Restatement of provisions for liabilities at their net present value (IAS 37)	4.6		4.6
Deferred tax on difference between the carrying value of brands in the consolidated accounts and their tax value (IAS 12)	(284.8)		(284.8)
Deferred tax on difference in valuation of the inventories of special purpose entities (IAS 12)	8.7		8.7
Reclassification linked to consolidation of special purpose entities (IAS 27)	(24.5)	1.7	(22.8)
Miscellaneous	(0.5)	0.6	0.1
Equity – International Financial Reporting Standards	**831.6**	**15.9**	**847.5**

10.2 Impact on balance sheet at 30 September 2004

Comparative table

(€ millions)	September 2004 French GAAP (a)	IFRS (b)	Difference (b)-(a)
ASSETS			
Intangible assets	976.2	975.4	(0.8)
Property, plant and equipment	140.8	203.3	62.5
Investments in associates	73.2	95.9	22.7
Other investments	25.2	10.7	(14.5)
Deferred tax assets	7.2	4.0	(3.2)
Total non-current assets	**1,222.6**	**1,289.3**	**66.7**
Inventories	839.9	845.4	5.5
Trade and other receivables	295.3	286.4	(8.9)
Current tax asset	18.7	6.5	(12.2)
Derivative financial instruments	12.0	12.0	
Total current assets	**1,165.9**	**1,150.3**	**(15.6)**
Cash and cash equivalents	33.6	33.6	
Total assets	**2,422.1**	**2,473.2**	**51.1**

(€ millions)	September 2004 French GAAP (a)	IFRS (b)	Difference (b)-(a)
EQUITY AND LIABILITIES			
Share capital and share premium	698.0	698.0	
Treasury shares	(10.5)	(10.5)	
Reserves	409.1	126.2	(282.9)
Translation reserve	(30.2)	(0.6)	29.6
Net profit – Group share	20.5	18.7	(1.8)
Equity – Group share	**1,086.9**	**831.8**	**(255.1)**
Minority interests	13.6	15.7	2.1
Total equity	**1,100.5**	**847.5**	**(253.0)**
Long-term borrowings	775.6	775.6	0.0
Other non-current liabilities	72.7	56.0	(16.7)
Deferred tax liabilities	6.9	301.4	294.5
Total non-current liabilities	**855.2**	**1,133.0**	**277.8**
Short-term borrowings and accrued interest	171.8	194.8	23.0
Trade and other payables	275.6	276.1	0.5
Current tax liabilities	15.4	3.2	(12.2)
Short-term provisions for liabilities and charges		15.0	15.0
Derivative financial instruments	3.6	3.6	
Total current liabilities	**466.4**	**492.7**	**26.3**
Total equity and liabilities	**2,422.1**	**2,473.2**	**51.1**

Analysis of differences by type of restatement

(€ millions) ASSETS	September 2004 (a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	Total
Intangible assets	(0.8)								(0.8)
Property, plant and equipment	62.5								62.5
Investments in associates		22.7							22.7
Other investments	(0.2)		(13.0)				(1.3)		(14.5)
Deferred tax assets	0.7		1.9	(2.4)	8.7		(12.1)		(3.2)
Total non-current assets	**62.2**	**22.7**	**(11.1)**	**(2.4)**	**8.7**	**0.0**	**(13.4)**		**66.7**
Inventories						5.5			5.5
Trade and other receivables	(4.9)					(5.5)	1.5		(8.9)
Current tax assets								(12.2)	(12.2)
Total current assets	**(4.9)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.5**	**(12.2)**	**(15.6)**
Total assets	**57.3**	**22.7**	**(11.1)**	**(2.4)**	**8.7**	**0.0**	**(11.9)**	**(12.2)**	**51.1**

(€ millions) EQUITY AND LIABILITIES	September 2004 (a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	Total
Reserves	34.1	22.4	(16.0)	4.9	(275.1)	(23.5)	(29.9)	0.2	(282.9)
Translation reserve							29.6		29.6
Net profit – Group share	0.5	0.3	(0.1)	(0.3)	(1.0)	(1.0)		(0.2)	(1.8)
Equity – Group share	**34.6**	**22.7**	**(16.1)**	**4.6**	**(276.1)**	**(24.5)**	**(0.3)**		**(255.1)**
Minority interests						1.7	0.4		2.1
Total equity	**34.6**	**22.7**	**(16.1)**	**4.6**	**(276.1)**	**(22.8)**	**0.1**		**(253.0)**
Long-term borrowings									0.0
Other non-current liabilities			5.8	(7.0)			(15.5)		(16.7)
Deferred tax liabilities	22.4		(0.8)		284.8		(11.9)		294.5
Total non-current liabilities	**22.4**	**0.0**	**5.0**	**(7.0)**	**284.8**	**0.0**	**(27.4)**	**0.0**	**277.8**
Short-term borrowings and accrued interest	0.3					22.8	(0.1)		23.0
Trade and other payables							0.5		0.5
Current tax liabilities								(12.2)	(12.2)
Short-term provisions for liabilities and charges							15.0		15.0
Total current liabilities	**0.3**	**0.0**	**0.0**	**0.0**	**0.0**	**22.8**	**15.4**	**(12.2)**	**26.3**
Total equity and liabilities	**57.3**	**22.7**	**(11.1)**	**(2.4)**	**8.7**	**0.0**	**(11.9)**	**(12.2)**	**51.1**

10.3 Impact on income statement for 6 months ended 30 September 2004

Comparative table

(€ millions)	September 2004 French GAAP (a)	 IFRS (b)	 Difference (b)-(a)
Revenue	**422.4**	**386.9**	**(35.5)**
Gross profit	230.0	205.3	(24.7)
Distribution costs	(122.9)	(107.7)	15.2
Administrative expenses	(38.4)	(41.2)	(2.8)
Other income from operations		3.9	3.9
Operating profit on ordinary activities	**68.7**	**60.3**	**(8.4)**
Provisions for impairment			
Other operating income and expenses		(9.6)	(9.6)
Operating profit	**68.7**	**50.7**	**(18.0)**
Finance costs	(27.0)	(26.4)	0.6
Profit before tax	**41.7**	**24.3**	**(17.4)**
Income tax expense	(13.4)	(8.3)	5.1
Share of profit of associates	0.9	1.3	0.4
Profit from continuing operations	**29.2**	**17.3**	**(11.9)**
Profit from discontinuing operations		2.8	2.8
Profit attributable to minority interests	(0.4)	(1.4)	(1.0)
Non-recurring items after tax	(8.3)		8.3
Net profit – Group share	**20.5**	**18.7**	**(1.8)**

Analysis of differences by type of restatement

(€ millions)	September 2004 (a)	(b)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	Operations discontinued in 2005-06	Difference
Revenue								**(3.5)**		**(32.0)**	**(35.5)**
Gross profit								(3.5)		(21.2)	(24.7)
Distribution costs						(0.2)		(0.4)	0.1	15.7	15.2
Administrative expenses	0.8						(0.4)		(3.2)		(2.8)
Other income from operations								3.9			3.9
Operating profit on ordinary activities	**0.8**	**0.0**	**0.0**	**0.0**	**0.0**	**(0.2)**	**(0.4)**	**0.0**	**(3.1)**	**(5.5)**	**(8.4)**
Provisions for impairment											0.0
Other operating expenses									(9.6)		(9.6)
Operating profit	**0.8**	**0.0**	**0.0**	**0.0**	**0.0**	**(0.2)**	**(0.4)**	**0.0**	**(12.7)**	**(5.5)**	**(18.0)**
Finance costs			(0.4)							1.0	0.6
Profit before tax	**0.8**	**0.0**	**(0.4)**			**(0.2)**	**(0.4)**	**0.0**	**(12.7)**	**(4.5)**	**(17.4)**
Income tax expense	(0.3)		0.1	(1.0)		0.1	0.1		4.9	1.2	5.1
Share of profit of associates		0.4									0.4
Profit from continuing operations	**0.5**	**0.4**	**(0.3)**	**(1.0)**	**0.0**	**(0.1)**	**(0.3)**	**0.0**	**(7.8)**	**(3.3)**	**(11.9)**
Profit (loss) from discontinued operations									(0.5)	3.3	2.8
Profit attributable to minority interests					(1.0)						(1.0)
Non-recurring items after tax									8.3		8.3
Net profit – Group share	**0.5**	**0.4**	**(0.3)**	**(1.0)**	**(1.0)**	**(0.1)**	**(0.3)**	**0.0**	**0.0**	**0.0**	**(1.8)**

10.4 Description of adjustments to the balance sheet and income statement

Restatements and reclassifications above include those made at 1 April 2004 as well as movements from 1 April 2004 to 30 September 2004 in respect of restatements identified at the transition date and, when applicable, new types of restatements in respect of transactions during the reporting period.

(a) Adjustment to the amortisation period of intangible and tangible assets, and restatement of prepayments and deferred charges and finance leases.

(b) Gain on contribution of Maxxium credited to equity for its carrying amount at 31 March 2004 and reversal of amortisation charge for the period. Also, since 1 July 2004 goodwill recognised by Maxxium on the creation of the joint venture is no longer amortised.

(c) Deferred actuarial gains and losses on retirement obligations recognised directly to equity and provision set aside in respect of post-retirement healthcare plans for certain former employees in France.

(d) Provisions for liabilities expected to be settled in more than two years are now restated at their present value and re-measured at the end of each reporting period by translating into euros any liabilities denominated in a foreign currency.

(e) Deferred taxes on differences between the carrying value of brands on the consolidated balance sheet and their tax value (concerns solely those brands that cannot be sold separately from the entity acquired by the Group) and on differences in the valuation of the inventories of special purpose entities.

(f) Reclassification of €5.5 million from other receivables to inventories, concerning advances to certain wine suppliers in the Champagne region.

Other reclassifications arise from the treatment applied on consolidation to special purpose entities that are now fully consolidated without recognition of minority interests.

(g) Impact of various reclassifications, without effect on equity, including the reclassification in reserves of the net translation difference at the transition date as permitted by IFRS 1.

(h) Recognition of a charge in respect of share-based payments in application of IFRS 2 with a corresponding credit to reserves.

(i) Reclassification of certain 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 various revenues previously treated as a reduction in distribution costs.

(j) Reclassification of items previously shown 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".

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11- IMPACT OF IAS 32 and IAS 39

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.

(€ million)	31 March 2005	Minority put	OCEANE	Perpetual subordinated notes	Other bonds and borrowings	Foreign currency hedge	Interest rate hedge	1 April 2005
ASSETS								
Goodwill		42.9						42.9
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 assets	3.9			1.0				4.9
Total 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
Current tax assets	6.8							6.8
Derivative financial instruments	8.9					1.3	0.2	10.4
Total current assets	**1,101.3**	**0.0**	**(1.0)**	**(0.5)**	**(11.2)**	**1.3**	**(1.3)**	**1,088.6**
Cash and cash equivalents	53.6							53.6
Total assets	**2,398.4**	**42.9**	**(1.0)**	**0.5**	**(11.2)**	**1.3**	**(1.3)**	**2,429.6**
EQUITY AND LIABILITIES								
Share capital and share premium	702.8							702.8
Treasury shares	(0.6)							(0.6)
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 borrowings	746.5		(30.2)	5.6	(11.2)			710.7
Other non-current liabilities	51.2	50.9						102.1
Deferred tax liabilities	273.4		2.7		0.1	1.5	(0.6)	277.1
Total non-current liabilities	**1,071.1**	**50.9**	**(27.5)**	**5.6**	**(11.1)**	**1.5**	**(0.6)**	**1,089.9**
Short-term borrowings and accrued interest	170.0		21.4	(8.3)	(0.3)			182.8
Trade and other payables	244.0					(2.6)		241.4
Current tax liabilities	2.9							2.9
Short-term provisions for liabilities and charges	19.4							19.4
Derivative financial instruments	2.7			4.9		(0.3)	0.4	7.7
Total current liabilities	**439.0**	**0.0**	**21.4**	**(3.4)**	**(0.3)**	**(2.9)**	**0.4**	**454.2**
Total equity and liabilities	**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 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 was as goodwill. As Rémy Cointreau's shareholding in the Bols Sp.z.o.o. joint venture was sold on 17 August 2005, these entries have since been reversed.

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 amortization 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 are 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 borrowings 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 French generally accepted 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 borrowings: 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.

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12- PROFIT (LOSS) FROM DISCONTINUING OPERATIONS

On 17 August 2005, Rémy Cointreau finalised the disposal of its shareholding in the Bols Sp.z.o.o. production and distribution joint venture.

This disposal was accomplished by Botapol Management BV selling its shareholding in Botapol Holding, the holding company of Bols Spzoo and Hillcroft Spzoo. 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 profit on the above disposal totalled €15.1 million (€18.8 million for the Group's share after allocating charges attributable to minority interests).

13- POST-BALANCE SHEET EVENTS

On the dates the financial statements were approved, Rémy Cointreau was in discussions with an investment fund interested in acquiring a series of brands comprising mainly Italian liqueurs, the Bols liqueurs, Dutch gin and other Dutch liqueurs. Given the terms of the offer received on November 2005, Rémy Cointreau considers that, in light of the requirements of IFRS 5, it is highly probable this transaction will be completed. The parties have agreed that negotiations will be conducted on an exclusive basis until 31 December 2005.

The activities concerned by this transaction are all part of the Liqueurs and Spirits division and generated revenues of €34.6 million in the first half.

14- LIST OF CONSOLIDATED COMPANIES AND ASSOCIATES

At 30 September 2005, the consolidation scope comprises 59 companies (64 at 30 September 2004). Of these companies, 56 were fully consolidated and 3 were accounted for by the equity methods. These companies all have a 31 March year-end except for Rémy de Colombia, Destileria de Jalisco and Dynasty Fine Wines Group Ltd which have a 31 December year-end and Maxxium International BV which has a 30 June year-end.

		Group interest (%)	
Company	**Activity**	**30 September 2005**	**30 September 2004**
EUROPE			
France			
Rémy Cointreau SA (1)	Holding / Finance	100.00	100.00
Gie Rémy Cointreau Sces	Holding / Finance	95.00	95.00
Rémy Cointreau Sces (1)	Holding / Finance	100.00	100.00
Financière Rémy Cointreau (1)	Holding / Finance	100.00	100.00
RC One (1)	Logistics	100.00	100.00
CLS Rémy Cointreau SA (1)	Production	100.00	100.00
SNE des Domaines Rémy Martin (1)	Other	100.00	100.00
E. Rémy Martin & Cie (1)	Production	100.00	100.00
Cognacs de Luze	Production	100.00	100.00
Storeco (1) (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	99.98	99.98
Piper Heidsieck C.C. (1)	Production	100.00	100.00
G.V. de l'Aube (1)	Production	100.00	100.00
G.V. de la Marne SA (1)	Production	99.95	99.95
Fournier & Cie - Safec (1)	Production	100.00	100.00
Sté Coopérative Prochacoop (2)	Cooperative	-	-
Sté Coopérative Champaco (2)	Cooperative	-	-
Alliance Fine Champagne (2)	Cooperative	-	-
Netherlands			
Rémy Finance BV	Holding / Finance	100.00	100.00
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 BV	Other	100.00	100.00
Bols Distilleries BV	Distribution	100.00	100.00
Metaxa BV	Holding / Finance	100.00	100.00
Bokma Distillateurs BV	Holding / Finance	100.00	100.00
Lodka Sport BV	Other	50.00	50.00
Meekma Distileerderijen BV	Other	100.00	100.00
Beleggingsmaatschappij Honthorst BV	Holding / Finance	100.00	100.00
Beleggingsmaatschappij Honthorst II BV	Holding / Finance	100.00	100.00
Lelie BV	Holding / Finance	100.00	100.00
Rozengracht BV	Holding / Finance	100.00	100.00
't Lootsje II BV	Holding / Finance	100.00	100.00
Wijnhandel Ferwerda & Tieman BV	Holding / Finance	100.00	100.00
Duncan, Gilby & Matheson BV	Other	100.00	100.00

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		Group interest (%)	
Company	**Activity**	**30 September 2005**	**30 September 2004**
Unipol BV	Other	50.00	50.00
Botapol Management BV	Holding / Finance	100.00	100.00
Botapol Holding BV (4)	Holding / Finance	-	50.00
Avandis CV (3)	Production	33.33	33.33
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 Spzoo (4)	Production	-	50.00
Arima S.A (4)	Other	-	50.00
Bols Sports & Travel Spzoo	Other	100.00	100.00
S&EA Metaxa ABE	Production	100.00	100.00
NORTH AND SOUTH AMERICA			
United States			
Rémy Cointreau USA Inc (5)	Distribution	100.00	100.00
Remy Cointreau Amérique Inc	Holding / Finance	100.00	100.00
Caribbean			
Mount Gay Distilleries Ltd	Production	94.98	94.98
Bols Latin America NV	Holding / Finance	100.00	100.00
Blousana Corporation AVV	Distribution	100.00	100.00
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			
Sino French Dynasty Winery (3) (6)	Production	-	33.00
Dynasty Fine Wines Group Ltd (3) (6)	Production	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
AFRICA			
South Africa			
Erven Lucas Bols Pty. Ltd	Distribution	50.00	50.00

(1) Company is part of the French tax group.
(2) Cognac ageing cooperatives that are fully consolidated . The Prochacoop and Champaco cooperatives merged on 28 February 2005 to form the Alliance Fine Champagne cooperative.
(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) Dynasty Fine Wines Group Ltd was floated on the Hong Kong Stock Exchange in 2005. Shares in Sino French Dynasty Winery