

ANNUAL REPORT
2005 | 2006



RÉMY COINTREAU



2005 | 2006

A global workforce of **1,350**

Turnover: **€798.3 million**
4.5% organic growth

€141.8 million
Current operating profit
14.9% organic growth

Operating margin **17.8%**

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RÉMY COINTREAU

LIBERAL INTERPRETATION OF CONTEMPORARY EXCELLENCE

Rémy Cointreau's brands are well-known and benefit from a strong reputation among contemporary connoisseurs on a quest for excellence.

The success of Group brands such as Rémy Martin, Cointreau, Piper-Heidsieck, Metaxa and Mount Gay Rum is due to a unique blend of prestige and pleasurable discovery, the demand for perfection and contemporary aspirations.

Always at the forefront of innovation, Rémy Cointreau freely combines, century old expertise with an understanding of flavours for the connoisseurs' enjoyment.



MESSAGE FROM
DOMINIQUE HÉRIARD DUBREUIL,
Chairman of the Board of Directors
 & **JEAN-MARIE LABORDE**
Chief Executive Officer

“The assets at our disposal to ensure strong and sustainable growth are our brands and Rémy Cointreau’s talented, knowledgeable and committed personnel.”

Dominique Hériard Dubreuil

QUALITY AND ADDED VALUE: RÉMY COINTREAU’S STRATEGY PROVES EFFECTIVE

The 2005/06 year has enabled us to measure our progress. Following the decision to focus our efforts on our most dynamic and profitable brands and their markets, Rémy Cointreau’s teams worldwide took steps to develop these brands, with the result that they are now clearly positioned in the top-of-the-range segment of the market.

The work we undertook resulted in a further reduction in operating costs, better foreign exchange hedging and the optimisation of

commercial and marketing resources, while controlling industrial and logistics costs. The reorganisation of our production units in France, in particular Champagne, and our distribution channels in Europe and Russia, contributed to a significant improvement in the competitiveness of our brands and an increased focus on commercial, advertising and promotional resources for the Group’s flagship brands. During the year an additional €14 million was invested in promoting our key brands.

We are pleased with the sharp decline in the Group's net debt. The disposal of non-strategic operations and brands will result in debt of less than €500 million. Consequently, Rémy Cointreau will have significant room for manoeuvre to invest further in developing its brands.

The consolidation of our brands in the top-of-the-range segment is now virtually complete in a highly competitive market. More than ever, the Group has striven to enhance its image and establish its identity through its roots in order to provide consumers with unrivalled levels of expertise and excellence.

This goal is shared by all our employees, whose commitment is fundamental to the Group's success. They guarantee that the demands for quality, innovation and creativity are met. Thus, the development of expertise beyond compliance with the Global Compact Charter is a priority to ensure that Rémy Cointreau's corporate responsibility policy is a means of creating value over the long term.

Our objective remains sustainable and profitable growth, primarily through increasing our efforts with regard to our top-of-the-range brands. Rémy Martin is already consolidating its range of superior quality products and deliberately moving towards the premium segment, with increased profitability and major growth objectives.

Piper-Heidsieck is the No. 3 champagne brand worldwide. It is a lively, contemporary, delicate and sparkling brand, with an emphasis on originality. Following the completion of the restructuring plan launched last year, the brand has achieved better profitability levels, even if these are not yet totally satisfactory.

The Group's refocus on its strengths also provides a formidable means of meeting international competition with the USA, Asia and Russia our priority markets. The US market remains, by far, the largest market for top-of-the-range products. Our brands are very well-positioned in this market due to the Rémy Cointreau USA network. In addition, the consolidation of the Maxxium distribution organisation in Europe and Asia has paved the way for us to enhance exposure of our brands where there is growth potential. In Asia, and China in particular, the reorganisation of our distribution channels now enables us to be more responsive and in a better position to anticipate developments in this very active market. Our recent distribution agreements in Eastern Europe and Russia will also enable us to accelerate sales growth and consolidate our positions in the long term.

Rémy Cointreau will continue to achieve double-digit growth in operating profit. This is essential in order to develop our commercial positions in the fastest-growing markets. It will also enable us to remain open to profitable opportunities and alliances, benefiting our key brands, in order to consolidate our medium and long term profitability. The guarantee of the long term future of our brands is Rémy Cointreau's highest priority.

“The growing demand for very high quality products is confirmed, thereby validating our strategy of focusing on our premium brands.”

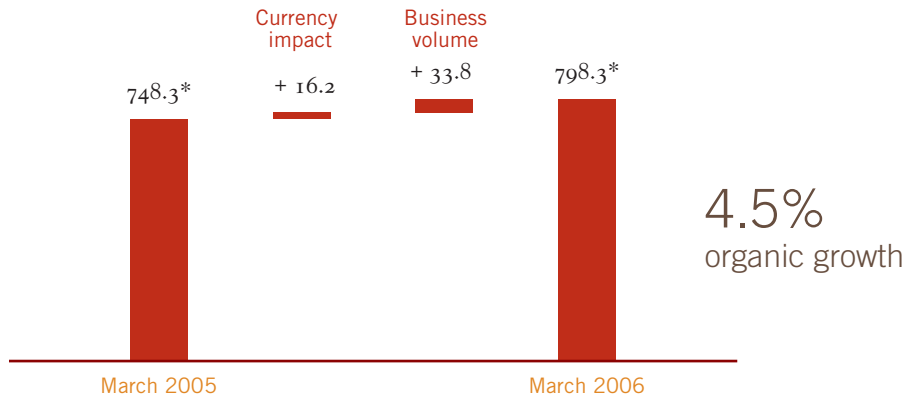
Jean-Marie Laborde

Each year Rémy Martin reconfirms its leadership in duty-free markets.

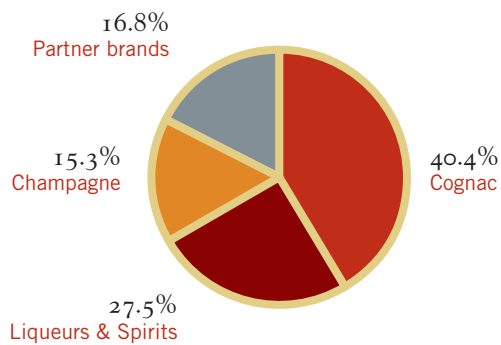
Cointreau has positioned itself as a genuinely contemporary brand. It has benefited from continued growth in the US and has accelerated its development in Asia, in particular Japan. The rejuvenation of this brand has increased its visibility through a more feminine and contemporary image in line with new consumption trends.

KEY FIGURES AT 31 MARCH 2006

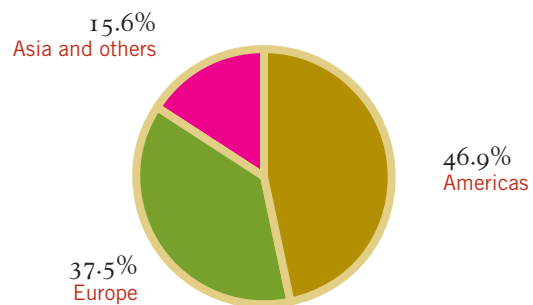
A YEAR OF VALUE STRATEGY



IFRS TURNOVER (€ millions)



TURNOVER BY DIVISION

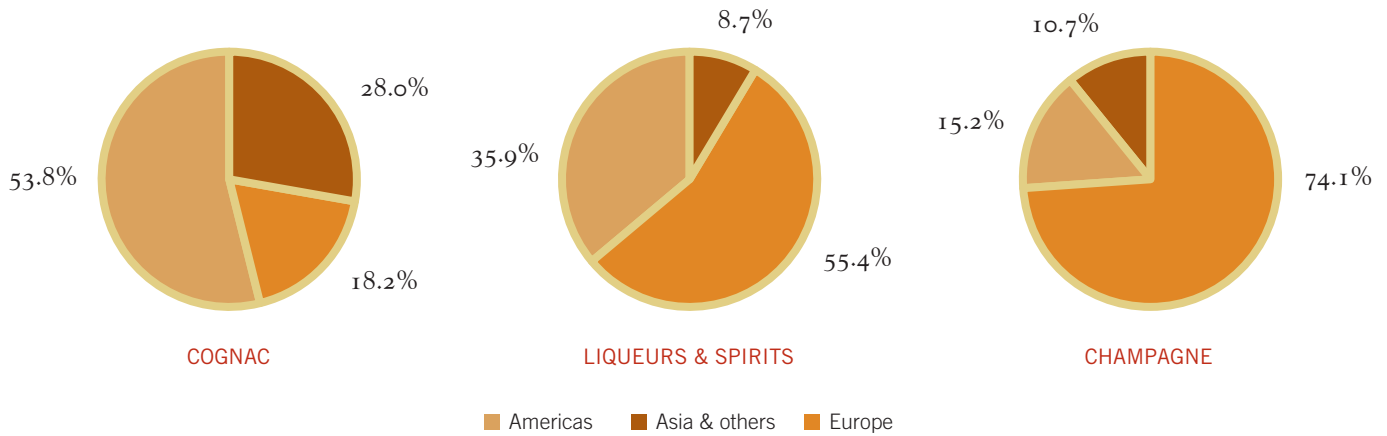


TURNOVER BY GEOGRAPHIC REGION

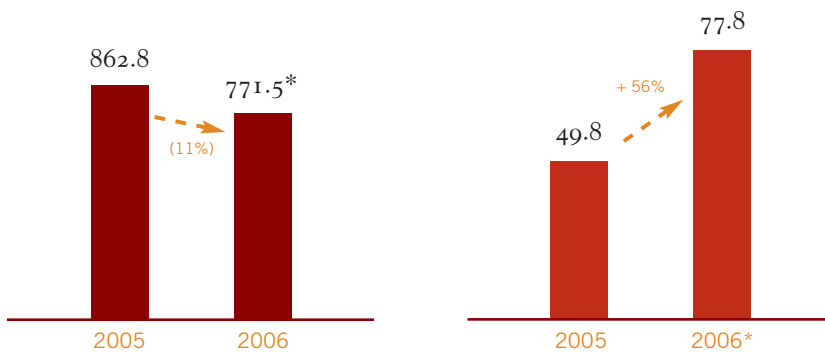


IFRS OPERATING PROFIT (€ millions)

* Excluding Polish vodkas (disposed of in August 2005), Dutch liqueurs and spirits and Italian liqueurs (disposed of in April 2006) and Cognac de Luze, held for disposal.



BREAKDOWN OF TURNOVER (by activity and geographic area)



* Before the disposal of Bols Liqueurs & Spirits.

MOVEMENT IN FINANCIAL DEBT
(€ millions)

NET PROFIT GROUP SHARE
(€ millions)

Established commercially
in **150 COUNTRIES**

A global workforce of
1,350

4 production sites

2 major distribution networks

MAXXIUM (Europe-Asia)
42% of turnover in value

RÉMY COINTREAU USA
41% of turnover in value



20%

ORGANIC GROWTH

CURRENT

OPERATING PROFIT: €76.3 MILLION

TURNOVER: €322.6 MILLION

Rémy Martin consolidates its value strategy in the top-of-the-range segment of the cognac market.

RÉMY MARTIN FINE CHAMPAGNE COGNAC, A SYMBOLIC AND UNIQUE BRAND

Rémy Martin has consolidated its value strategy in the top-of-the-range segment of the cognac market through the increased differentiation of its Fine Champagne. In order to stimulate growth, the brand helps consumers to discover new consumption modes without affecting the unique image of its cognacs.

Generations of cellar masters succeed each other and pass on their unique expertise in the making and aging of eaux-de-vie: their art and professionalism perpetuate an age-old tradition of scarcity and quality. This tradition makes Rémy Martin a symbolic and unique brand, which is now,

more than ever, an unrivalled benchmark product in its principal markets. The Alliance Fine Champagne (a co-operative which brings together Rémy Cointreau's vine growing partners) created last year, helps the brand to ensure the long term future and quality of its Fine Champagne eaux-de-vie. It only comes from the best two vineyards in Cognac, Grande Champagne and Petite Champagne. Rémy Martin accounts for 70% of cognac shipments in the Fine Champagne appellation.

VALUE STRATEGY

The value strategy implemented by Rémy Martin focuses on the three most representative qualities of the brand: V.S.O.P., X.O. Excellence and Louis XIII.

V.S.O.P. Fine Champagne is confirmed as a true icon in the superior quality segment. It expresses the elegant and contemporary qualities of the brand worldwide. It is often reinvented and can be served ice-cold as an aperitif, in a cocktail or following a meal. Major communication campaigns and innovative marketing have enabled the brand to appeal to new consumers, particularly in the US and Asia.





X.O. Excellence Fine Champagne is a cognac particularly appreciated by Asian consumers and lovers of sensory experiences. This cognac combines a unique aromatic richness with a perfectly balanced taste. Due to its delicate aromas, consumption recommendations offer gourmets many opportunities to enjoy this cognac as an accompaniment to a number of dishes and deserts.

Louis XIII Grande Champagne, is at the pinnacle of excellence and remains the most extraordinary creation of expertise and patience. It is a blend of eaux-de-vie, some of which are more than one hundred years old, solely produced from refined Grande Champagne grapes. Louis XIII is indisputably an exceptional cognac.

It is aimed at satisfying the most demanding connoisseurs but can also delight collectors with its different-sized crystal bottles, from the magnum to the mini-flask, and a diamond-set glass stopper that can be transformed into jewellery.

GLOBAL REACH

In China, the US and the UK, countries with high potential, Rémy Martin experienced another year of growth.

In the US, V.S.O.P. consolidated its leadership and benefited from the strong trend in consumer demand for superior quality products. Promotional efforts focused on the fastest-growing segments and confirmed the brand as an icon in this segment. Marketing aimed at the various US ethnic communities also extended the brand's appeal to new consumers. Rémy Martin, the flagship of the range, is well-positioned to continue benefiting from the growth of the US market, its leading market.

In Europe, the qualitative growth strategy is bearing fruit, primarily in the more mature Western markets, where superior quality products meet consumers' expectations. Rémy Martin benefits from an unrivalled status and is a benchmark for discovering and renewing consumption habits, either at home or in fashionable bars. In Eastern Europe, particularly Russia, Rémy Martin takes full advantage of market growth.

In Asia, market dynamics remained strong, notably in China, despite a temporary slowdown in growth during the year. Distribution was reorganised to improve efficiency and aggressive and attractive advertising was undertaken in all major Asian markets in the highly dynamic segment of fashionable bars, restaurants and karaoke bars.

In the duty-free market (travel retail), Rémy Martin confirmed its leadership. In that market brand awareness and visibility is improved by organising regular events in order to display the entire range of Fine Champagne cognacs to good advantage.

Rémy Martin will continue to pursue its value strategy and focus its efforts on adding value to its three representative cognacs which all operate in market segments with high potential.



V. S. O. P.
CHAMPAGNE

V. S. O. P.
Fondée en 1820

PRODUCT OF FRANCE
FINE CHAMPAGNE



9.7%

ORGANIC GROWTH

CURRENT

OPERATING PROFIT: €51.9 MILLION

TURNOVER: €219.8 MILLION



LIQUEURS AND SPIRITS, PREMIUM BRANDS IN HARMONY WITH THE MARKET

Cointreau, Metaxa, Mount Gay Rum and Passoã are premium brands, firmly established outside their domestic markets, due to the support of powerful and global distribution channels. Brand dynamics are in line with market trends, such as the cocktail craze, which began in the US, spread to Europe and is now evident in Asia.

Strong recommendations are continually made to the on-trade market such as restaurants and bars. Innovations anticipate changes in consumption patterns, including “zapper” consumers, young professionals and city dwellers. Cointreau’s success in the US market for over fifteen years is primarily due to the success of on-trade activity.

The disposal of non-strategic brands in Summer 2005 (Polish vodkas) and Spring 2006 (Dutch and Italian liqueurs and spirits) is in line with the acceleration in the Group’s value strategy to focus its efforts on international brands and high-potential markets.

COINTREAU’S ENHANCED DISPLAY

125 years after the first Cointreau advertisement, the “Be Cointreaversial” campaign stimulated the brand worldwide. It was launched in London in November 2005 at a photography exhibition dedicated to “Cointreaversial” women of yesterday, today and tomorrow and was subsequently extended internationally.

In the US, following the extraordinary success of the *Margarita* and *Cosmopolitan* cocktails, Cointreau is now also used for new cocktails. Consumed as a long drink or after a meal, Cointreau’s unique and complex taste satisfies the different palates of consumers who are passionate about quality. New cocktails have been launched in order to stimulate bartenders’ creativity, the brand’s market leading influencers. Cointreau Bubble confirmed Cointreau’s place in the hearts and minds of bartenders and attracted new female customers.

In Europe, the long-drink craze was anticipated and Cointreau was made available in fashionable bars and restaurants. A campaign in bars launched Cointreapolitan and Cointreau Fizz in France and the UK, respectively, and made these cocktails with their sensational flavours, the cocktails of choice. A small bottle (35cl) was introduced in the French market, offering a younger customer base the opportunity to learn about the art of cocktail-making at home.

In Asia, Japan and China confirmed their interest in liqueurs: Cointreau with added tonic attracted new customers and drove the brand’s growth, sustained by significant promotional events in bars.

The duty-free channel is Cointreau’s second market after the US. Innovative and impressive tasting events organised at points of sale improved and heightened the brand’s visibility.

The Group refocused its liqueurs and spirits on key, high added value brands with strong growth potential.



PASSOÃ, AN OUTSTANDING BRAND

Originating from Central American fruit flavours, the famous Passoã black bottle holds the secret of a sweet blend of exotic flavours, which can be enjoyed as a long drink with added orange juice, or on its own, or with ice.

In Europe, Passoã is a favourite among young adults: it is not only associated with the exotic but also with conviviality, “*joie de vivre*” and sharing.

This year, Passoã developed advertising campaigns based on new platforms endorsed by its target audience: the internet with banner campaigns, partnerships with networking portals and the launch of a new www.passoa.com website.

In France, Passoã is very active in this competitive market and is highly innovative, as reflected by the success of its passion fruit-flavoured limited edition “Year of Brazil 2005”. After *spicy mango* and *melon cactus*, new pineapple and coconut flavours were introduced in 2005. These choices have provided the brand with a more prominent display at points of sale and have contributed to its growth.

In Puerto Rico and Japan, Passoã introduces new ideas through the organisation of several promotional events in bars and night clubs, focusing on tasting Passoã orange. These activities have been highly successful, particularly among a female audience.

METAXA IS OUTGROWING ITS GREEK ROOTS

The sweet and smooth taste of Metaxa - muscat grape, plant mix and old wine distillates - as well as its Greek

heritage make it a unique drink. It has been one of the fastest-growing brands in the world in the brandy category over the last five years. This volume growth has been accompanied by a value strategy focusing on the improvement of the product mix and the development of superior qualities. Private Reserve, representing the brand’s core elements, and Grand Olympic Reserve improve the worldwide development of sales and help gain market share.

Metaxa was recognised in 2005 as one of the most popular brands in Greece (*Superbrand Award*) and received the “Coolbrand” award in Poland in 2006. The brand’s reputation and positioning in the major Eastern European markets (Czech Republic, Slovakia, Poland and Hungary) as well as Western European markets (Germany and Austria) is now established.

The brand is a worldwide representative for Greece and symbolises conviviality and celebration, as confirmed by music events on the “*Chill out*” theme in Poland and the opening of the Metaxa Bar Club in Germany.

MOUNT GAY RUM CONTINUES TO GROW STRONGLY

The first document guaranteeing that Mount Gay Rum was being produced dates back to 1703, making it the oldest rum produced in Barbados, or anywhere else in the world. The brand is established in approximately 60 countries and is fast growing, both in terms of value and volume, in its major markets, the US, the UK and Oceania countries (Australia and New Zealand).

Mount Gay is a premium brand in a rapidly changing category and is a strategic asset: this high-quality, amber-coloured rum is prepared by blending aged rums and boasts a loyal customer base in English-speaking countries.

Historically, closely linked to water sports and sailing, Mount Gay Rum sponsors over a hundred world-famous regatta events. It has been the official sponsor of the *United Kingdom Sailing Association (UKSA)*, the leading water sport association in the world, since 2005. In this respect, the brand participated in the restoration of Sir Francis Chichester’s famous ketch, the *Gipsy Moth IV*. The brand is refocusing its efforts on its flagship product, *Eclipse*, whose presentation has been rejuvenated to emphasise its authenticity and quality. The new bottle was first launched in Europe, followed by the Caribbean as well as the US, and has been highly successful.


Mount Gay Rum seeks to attract new consumers, through the worldwide rollout of its new communications platform with an emphasis on adventure.



Metaxa represents a genuine difference and has consolidated its very strong position in Greece and Germany. The brand has exploited the growth potential in Eastern Europe, the US and Australia.

MT GAY
BARBADOS
Perfected by
SINCE 17

INHERITON
METAXA
GRAND OLYMPIAN
RESERVE
Celebration of 115 years
12
STARS
LIMITED N° OF BOTTLES
Produced and Bottled by
S. & E. & A. METAXA A.B.E.
70cl e



14.2%

ORGANIC GROWTH

CURRENT

OPERATING PROFIT: €9.7 MILLION

TURNOVER: €122.2 MILLION

CUVÉE

RARE

CHAMPAGNES, COMBINING AUDACITY AND GREAT WINES

Piper-Heidsieck and Charles Heidsieck have been given a clear value strategy: create attractive and innovative brands, increase on-trade exposure and develop supermarket sales. These are all keys to their success. Piper-Heidsieck has improved its positioning worldwide and is ranked No. 3 internationally. Charles Heidsieck continued to stand out as a genuine benchmark product in the premium segment.

PIPER-HEIDSIECK HIGHLIGHTS ITS DIFFERENCE

The new lively, contemporary, delicate and sparkling “OngOingextravaganZa since 1785” campaign illustrates the Piper-Heidsieck spirit. It is in keeping with the history of the brand, which has viewed champagne from a different perspective. Its original communication style and the quality of its wines appeal to consumers. Piper-Heidsieck, recognised by experts worldwide, cultivates the wealth of its legacy and expert oenology, combining original marketing with commercial activities.

On-trade development is a priority and is being achieved through a series of impressive initiatives in the fashionable bars of large capital cities such as “Red Restaurants” partnerships in Japan, a highly visible campaign based on red totems and champagne buckets filled with red fluorescent ice cubes.

Piper-Heidsieck also differentiates itself in supermarkets through innovative and high quality gift offers, such as the flower vase launched in France for Christmas and the New Year.

These aggressive activities generated growth and resulted in a good performance by Piper-Heidsieck during the financial year. The brand exceeded market growth with very strong performances in the US, Japan and Belgium.

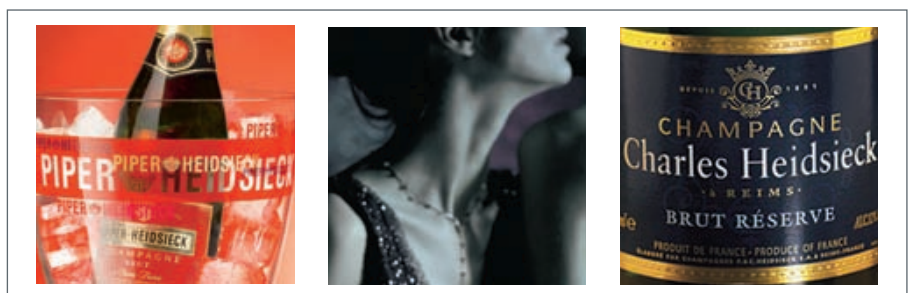
CHARLES HEIDSIECK CONSOLIDATES ITS PREMIUM POSITION

This year, Charles Heidsieck champagnes were again selected by experts and the professional press. Various prestigious awards were received: Champagne Trophy of the year (*Decanter Magazine*) and an excellent 95/100 score by *Wine Spectator Magazine*, for Cuvée Blanc des Millénaires.

In France, the year was marked by a major change for Charles Heidsieck: distribution was entrusted to the Baron Philippe de Rothschild Company. This new partner provides the brand with better access to prestigious distribution channels (hotels, bars and award winning restaurants and cellar men). This signals the launch of a new commercial offensive in the French market.

In the UK and the US, brand development has been accelerated following the launch of two vintage cuvées, *Millésime 1996* and *Rosé Millésimé 1999*. Charles Heidsieck confirmed its status as a benchmark product in the segment of connoisseur brands.

Another year of growth for the two leading brands, Piper-Heidsieck and Charles Heidsieck.





POWERFUL AND

EFFECTIVE DISTRIBUTION

Rémy Cointreau's brands are marketed in over 150 countries and supported by two powerful and efficient distribution networks: Maxxium in Europe and Asia and Rémy Cointreau USA.

GLOBAL ORGANISATION FOR EFFECTIVE MARKETING EXPOSURE

Maxxium is a joint venture distribution network established in 1999 and owned by four partners, Rémy Cointreau (France), Edrington Group (UK), Jim Beam Brands (USA) and Vin & Sprit (Sweden). In 2005, the Allied Domecq brands acquired by Fortune Brands (Jim Beam Brands) were added to the Maxxium portfolio.

Maxxium is a global distributor. It also participates in communication initiatives driving growth and stimulating brands and markets. Brand prestige and reputation initiatives contribute to strong brand exposure, evidenced by bartenders' involvement in the abundance of drinks on offer, and by the Piper-Heidsieck workshop, which was set up to share a new generation of creative ideas.

In the US, Rémy Cointreau's brands are marketed and distributed by Rémy Cointreau USA. This dynamic network is directly controlled by Rémy Cointreau. It is also responsible for distribution in the Caribbean.

CONSOLIDATED COMMERCIAL ORGANISATION

Rémy Cointreau consolidated its commercial organisation to ensure satisfactory control over its markets. This new organisation relies on a markets department, which manages local distribution networks more effectively and co-ordinates the Group's own network. Key brands are supervised by dedicated teams in high-growth potential, strategic markets. In Asia and Europe, these teams closely monitor the application and stimulation of the brand strategy implemented by Maxxium.

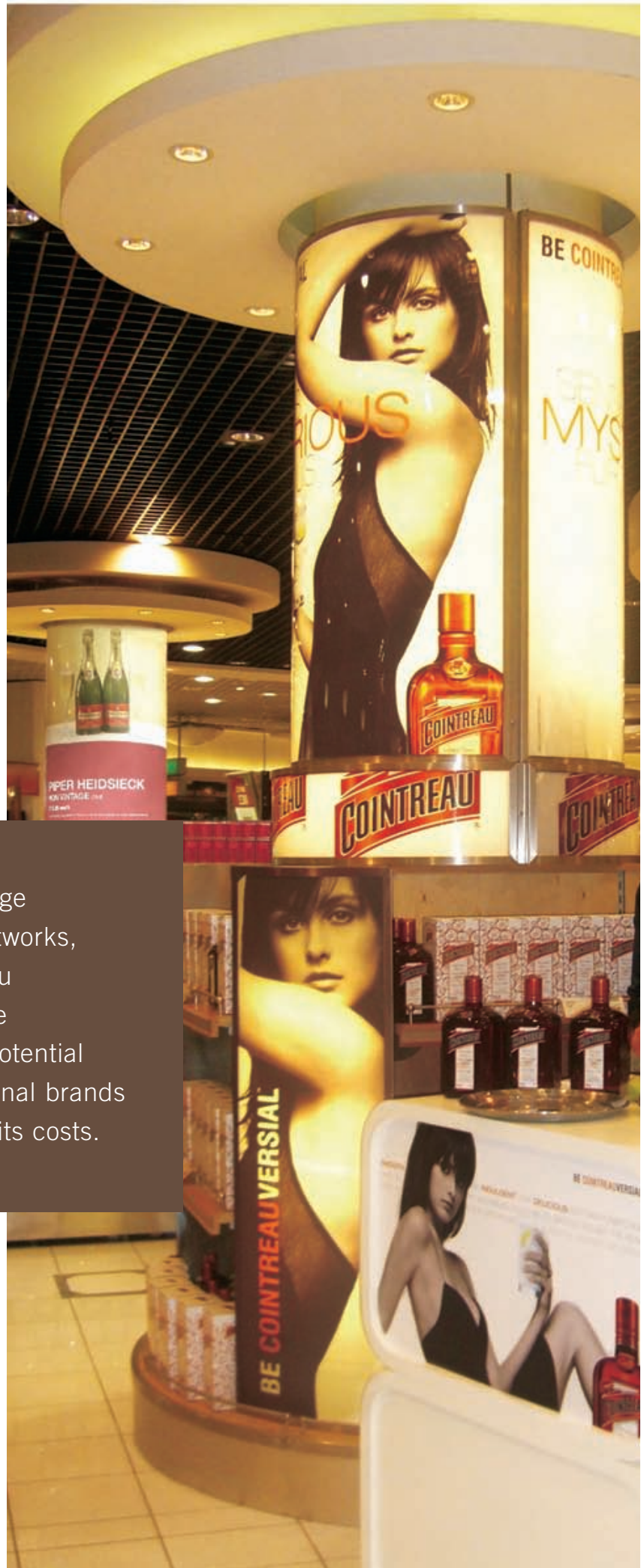
In Russia, the Group recently transferred, in agreement with the Maxxium partners, the distribution of Rémy Martin and Piper-Heidsieck to Roust, one of Russia's leading distributors of wines and spirits.

NEW APPROACHES, NEW TEAMS: A STRENGTHENED ON-TRADE ORGANISATION

Bars, hotels, restaurants and night clubs are strategic locations to satisfy and appeal to new consumers. Bartenders and business owners have a strong influence over consumers and are in a position to build long-lasting brand preference.

In all the countries where Rémy Cointreau's brands are established, traditional and contemporary businesses offer consumption modes that appeal to their customers. In Asia, Rémy Martin cognac holds an undisputed place at business dinners and Louis XIII is particularly in demand at exclusive locations. In the US, Cointreau can be mixed to create new long-drinks that will become tomorrow's trend in fashionable, popular or smart locations. In a large number of restaurants in Europe and the US, Piper-Heidsieck has become the "house" champagne. This represents a significant volume of business for the brand and opens up opportunities to build customer loyalty among new consumers attracted to it by a first tasting outside their own home.

With its two large distribution networks, Rémy Cointreau strengthens the development potential of its international brands and optimises its costs.



CORPORATE AND ENVIRONMENTAL RESPONSIBILITY

Following the 2005/06 financial year, the Rémy Cointreau Group's sustainable development policy has taken on a new dimension. It is now a defined corporate and environmental responsibility policy, which closely links corporate and environmental considerations to Group economic objectives. It also benefits from an overview of the challenges set by each theme: reasoned winemaking, supplier relations, quality/safety/environment, marketing and sales ethics, human resources and food safety and research. Progress in each theme is viewed from a global perspective to ensure balanced development.





INTERVIEW WITH
CHRISTIAN LAFAGE
*Sustainable
Development Officer*

A NEW SCALE

The main priority of our Sustainable Development policy is to closely combine our social and environmental considerations with the financial objectives of the Group.

WHAT ACTIONS DID YOU TAKE THIS YEAR?

We focused primarily on the following priorities that were established last year:

- pursue and confirm activities undertaken;
- measure the overall impact of our sustainable development policy; and
- continue to train, inform, mobilise and involve our personnel.

At the same time, we wanted to be active ambassadors of the Global Compact Charter. We have, therefore, confirmed our commitment to the Charter by becoming a member of and supporting the “Forum des Amis du Pacte Mondial en France”, a non-profit-making organisation.

Our objective this year has been to promote these priorities in a tangible manner and to equip ourselves with tools that will enable us to evaluate the future of our sustainable development policy. We have reviewed the results of the past two years and explored areas where progress might be made. The idea of the Group’s positioning as a responsible participant clearly emerged from this work. For example, I am thinking about sharing our experience and expertise

with regional vine growers and will continue to take positive steps to do this. Our challenge today is to confirm our corporate involvement.

WHAT IMPORTANT ACTION DID THE GROUP TAKE?

The environmental standard certification of winemaking properties and the ISO 14001 certification of the Cognac site were the highlights of the year, generating numerous discussions with our employees and partners. We commissioned an external organisation to carry out a corporate and environmental audit of several foreign suppliers. We also established HACCP plans at all our sites and three CO₂ tests were performed. In terms of communication, we continued to distribute responsible consumption tools (breathalysers and blood alcohol charts). We also conducted a major campaign to increase each employee’s awareness of risks related to excessive alcohol consumption. In respect of food safety, we completed our traceability system, which will guarantee the quality of our products up to their

delivery to the markets. The “sustainable development action” internal team is looking at new ways of organising experience-sharing events, both within and outside the Group. The team also collects information on technical innovations in respect of environmental protection.

As a result of our efforts and achievements, our corporate and environmental process is today reliable and recognised.

WHAT IS THE OUTLOOK?

We aim to work in a manner that is as responsible as possible, by maintaining our expertise and preserving our environment. This will be illustrated, in particular, by the creation of a Group Corporate and Environmental Responsibility handbook.

We want to be a benchmark for consumers, investors and for the talented people who will eventually ensure the Group’s future.

WINEMAKING: ENVIRONMENTALLY FRIENDLY METHODS OF CULTIVATION

2005/2006 Highlights

- Implementation of reasoned vine growing in Charentes.
- Continued upgrading of winemaking properties to environmental standards, particularly at the Cognac site.
- Preparation of the Environmental and Water Quality Charter.

Outlook

- Upgrading of plant care product storage warehouses to standards.
- Application for reasoned winemaking certification at the Cognac sites.
The long term objective is similar certification at all Group winemaking properties.
- Continued sharing of experience with suppliers, partners and regional vine growers.

This year, all Rémy Martin winemaking property personnel were made aware of reasoned winemaking. Each employee received very specific training adapted to his/her level of responsibility. Property managers were specifically advised of the techniques to be used as they play an essential role among all vineyard employees. This complements the training programme provided to employees.

Adapting practices for sustainable and environmentally friendly winemaking

The adoption of reasoned winemaking is a prerequisite in preserving vineyards and soils and guarantees the sustainable and environmentally-aware operation of winemaking properties.

In order to fine tune the practices that have already been implemented, the Group draws on two tools prepared by interprofessional organisations: *The Charentes' Reasoned Winemaking Guide* (published in 2005) and its reference book published in 2003. Rémy Martin's winemaking property managers adopted their principles and modified them to take into account the specific features of each vineyard. Principles were tailored to all vine-growing stages, based on approximately twenty steps, each of which is subject to a team meeting in order to agree methods and objectives. At the parasite control stage, for example, each property manager displays signs in his/her workshop detailing the type of vine protecting products and the quantity to be used, and the method of application as well as when and how parasites appear.

This ongoing data is accompanied by a job evaluation rating summary provided to each team supervisor enabling him/her to evaluate their knowledge of reasoned vine growing. The first results will be available as early as the end of 2006 and will be combined with the data used in the annual process of self-diagnosis on reasoned vine growing in Rémy Martin properties.

Advancement through sharing expertise

The Group has obtained tangible effects, as a result of personnel adhering to reasoned vine-growing practices. In future, Rémy Cointreau will try to encourage its suppliers and partners to act likewise, initially evidenced by the "bouts de vigne" meetings, which bring together technicians from agricultural chambers and regional vine growers. Finding new ways of sharing this expertise is the way forward.



FRANCIS ROUSSEAU
VINE-GROWING MANAGER (COGNAC)

INTERVIEW

What types of emission are produced on Rémy Martin properties?

Emissions are generated by winemaking activities and equipment washing. In Juillac for example, a washing platform is combined with an emission treatment unit. Emissions are released into the environment after decantation, treatment, control analysis and a final gravel filtering.

How do your teams implement these new environmental practices?

Controlling water consumption when cleaning vats and equipment, as well as upgrading our properties to environmental standards, are all in keeping with our day-to-day activities. Our personnel are aware that everyone should play their part in protecting the environment. It is more than just words, as everyone must try to include these practices in their daily work.

AN OPINION BY RÉGIS CAMUS, Champagne vineyard and wine manager (Reims)

"The Champagne interprofessional organisation is committed to protecting drinking water reserves through its signing of a Charter on Water Quality. We endorsed it and have drawn up an action plan which includes, for example, optimising spraying equipment and seeding the grass around plots of land, in order to reduce the use of herbicides. Ultimately, our actions will speak louder than our words."

SUPPLIERS COMMITTED TO THE GROUP'S CORPORATE AND ENVIRONMENTAL PROCESS

2005/2006 Highlights

- Social and environmental audit of a number of suppliers, conducted by an external firm.
- Involvement of suppliers in Global Compact Charter commitments. This year, a supplier elected to subscribe to the Charter after they had been made aware of it.

Outlook

- Continued application by our suppliers to Rémy Cointreau's commitments.
- Provide support to suppliers on their commitments to progress, following receipt of the audit results.
- Participation in activities conducted by our suppliers, such as the reforestation programme currently implemented by a cask supplier, which was certified as a Forest Certification Recognition Programme (*Programme de Reconnaissance des Certifications Forestières - PEFC*).

Rémy Cointreau has appointed an independent firm to carry out a corporate and environmental audit among a number of foreign suppliers. This work complements fieldwork audits carried out by the Group's teams and was designed to provide threefold added value: a dynamic and comparative analysis, a different outlook that takes into account local production habits and a neutral audit methodology, in order to highlight suppliers' areas for improvement.

Focused external audits

Establishing a relationship of mutual confidence with sometimes remote suppliers requires that common rules be defined. In order to guarantee the high quality of supplies as well as good corporate and environmental practices, the Group has been sending internal auditors to producers for a number of years.

It has now decided to appoint external auditors on an experimental basis, in order to point out areas for progress for the most susceptible suppliers. These audits also cover compliance of working conditions within the regulatory framework, respect for human rights, freedom of association and the ban on child labour. These are principles Rémy Cointreau abides by and has been committed to enforcing since the Group subscribed to the Global Compact Charter in 2003. In addition, the audit scope complies with the requirements of the SA 8000 corporate standard in respect of international labour law and the ISO 14001 environmental standard.

Positive results that pave the way for progress in supplier relations

Throughout the audit process, transparency and free access to fundamental information requirements were reaffirmed and suppliers were given the opportunity to comment. They are party to future plans and will commit to their implementation on completion of the auditors' assignment.

External audits confirmed several observations made by the Group's internal auditors. Comments were primarily made on areas where progress is needed, such as safety at a number of workstations and the formalisation of environmental approaches. The action plans that result from these audits will provide an opportunity to work with suppliers.



CLAUDE ANGELIER
GROUP HEAD BUYER (PARIS)

INTERVIEW

Why did you appoint an external organisation?

Our suppliers may be located further and further away, with a different culture, different habits and an organisational structure that is different from one we have worked with in the past. Appointing "audit professionals" enables us, due to their local representation, to evaluate our suppliers in the light of our corporate and environmental requirements, in accordance with our Global Compact Charter commitments.

What are your objectives?

Our main objective is to educate our suppliers about our ethical commitments. In this respect, we want to establish with them an ongoing process of corporate and environmental progress by sharing the findings of the audits that have been carried out. We are seeking total trust by guaranteeing the confidentiality of our discussions and, in conjunction with our suppliers, agree plans for improvement, if necessary. We will then follow-up on their implementation.

QUALITY/SAFETY/ENVIRONMENT

SECURE MANUFACTURING PROCESSES

2005/2006 Highlights

- ISO 14001 certification of the Cognac site.
- Choice of a unique certifying agency for the Group (AFAQ).
- Paper sorting at the Paris site.
- CO₂ report on Rémy Martin's winemaking properties, Cognac sites and the Paris Head Office.
- Purchase of a trial electrical vehicle in Angers.
- Establishment of a network of ISO 14001 correspondents in Cognac.
- Progressive control of energy and water consumption, emission reduction and waste recycling.

Outlook

- Development of the QSE policy.
- Continued implementation of the environmental certification policy with ISO 14001 certification for the Reims site.
- Identification of areas of progress in order to continue to optimise risk management on all sites.
- Finalisation of the CO₂ report at the Reims site.

In line with the Angers site, the Cognac site was ISO 14001-certified in November 2005 by the *Association Française de l'Assurance Qualité* (AFAQ). This was a genuine acknowledgement of the work carried out (less than 10% of companies applying for environmental certification are successful in the first audit) and, more importantly, a major motivation to continue this approach.

Dealing with the environmental impacts of production with more consistency

The implementation of ISO 14001 standard indicators dictates a highly structured and detailed view of each workstation: waste management and recycling, compliance commitments to environmental regulations, and controlled water and energy consumption. This approach is a source of continuing improvement: since April 2005, indicators have been in place and have enabled us to verify, in a concrete manner, the results of our efforts. The key supporting document of this process is the Environmental Handbook, summarising all the steps that have been taken. It is an internal document that was widely distributed in 2005 and can be updated as the process is improved. The ISO 14001 certification is undoubtedly a solid base for linking the environmental process to site management and continues to result in improvements.



FRÉDÉRIC DURANDEAU

IT SUPPORT ENGINEER TECHNICIAN (COGNAC)

INTERVIEW

What is your role as an Environmental Correspondent?

To implement and share activities selected within the framework of our ISO 14001 environmental certification. I will therefore relay environmental messages and good practices to my co-workers including all the minor steps that can be taken, both in our professional environment and in our daily life.

How did this role change the way you work?

I became aware that virtually everything can be recycled including computer screens, printers, toner cartridges and used CPU's, which are subsequently dismantled in order to recover precious metals. In Cognac, we have set an example using equipment recycling procedures, which have now been extended to all Group sites.

AN OPINION BY PIERRETTE TRICHET, Cellar Master (Cognac)

"At the *eaux-de-vie* production centre, the ISO 14001 environmental standard has enabled us to take action in a number of areas. We continually make sure our emissions comply with the standard in order to optimise recycling. We have received excellent feedback on our environmental policy from our personnel."

A unifying project for the Group's teams

Group personnel were entirely responsible for obtaining this certification. The project team involved employees from different professional backgrounds and levels of responsibility. In each department, an environmental correspondent volunteered to communicate information to employees and make recommendations to the project leader.

An environmental chart was also designed to increase awareness. It is published every month on the intranet, so that results are available to everyone. Environmental correspondents visited those companies responsible for waste collection and recycling. This provided them with an opportunity to set up an exhibition in the Group's facilities. In addition, specific information is published on a regular basis to make everyone more aware of the Group's sustainable development policy. Everyone has been able to access clear examples of how to include environmental considerations in the design of new packaging and the extent of savings made in a year due to improved glass management.

In future, the project team will work on further emission reductions at the different production stages.

CO₂ REPORTS: POSITIVE RESULTS

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. Following the CO₂ report commissioned at the Angers site in 2004, as a pilot experiment, this process was applied to all Cognac sites, including winemaking properties, and our head office in Paris. The CO₂ report was prepared in accordance with the benchmark method of ADEME and quantified precisely our greenhouse gas emissions. It highlighted the fact that our greenhouse gas emissions are very low, due to the nature of our operations. This report contributed to the implementation of energy consumption monitoring and optimisation plans by the Group, as a member of the Global Compact Charter.

PRACTICES THAT GUARANTEE SOCIAL FAIRNESS AND PROFESSIONAL DEVELOPMENT

2005/2006 Highlights

- Integration of sustainable development within the training policy.
- Creation of the "sustainable development activities" group.
- Continuing activities of the "Second Chance Foundation".
- Participation in round tables and work groups on the environment, organised by the French Spirits Federation, the European confederation of Spirit Producers and the Comité Colbert.
- Support for organising the seminar on renewable energy and their rollout in the Charentes region.

Outlook

- Publishing and sharing of good environmental practices, particularly in respect of packaging.
- Organisation of activities to increase awareness of sustainable development themes on all sites.
- Support for the establishment of a Second Chance Foundation branch in Angoulême.
- Experience sharing, particularly of advice to regional vine-growers on cost control for environmental protection facilities.
- Establishment of a regional work group on the treatment of residual vine-protecting products.



PIPER-HEIDSIECK

Millésime 2004

One of the Group's objectives is to involve employees in its sustainable development policy. The thinking process on information and training is thus pivotal to activities conducted in respect of human resources. The Group deals with human challenges responsibly by initiating a policy associated with fairness and social dialogue.

Initiating a fair and transparent human resources policy

Rémy Cointreau is careful to base its human resources policy on the best existing professional practices and to remain at the forefront of the recruitment market. As soon as French law made it possible to introduce innovations such as supplementary pensions, allocation of shares or exceptional bonuses to reward the commitment of our best performing employees, the Group integrated them within its human resources policy.



NATHALIE POULET
SAFETY MANAGER (ANGERS)

INTERVIEW

What is the objective of Road Safety activities?

The objective is to take into account road risks in our Safety Strategy. At the Angers site, we are members of the corporate road safety organisation of the Maine-et-Loire region. Each year, we organise activities based on this theme. We also participate in the Road Safety National Week, during which we circulate materials to increase awareness in a number of areas, such as speed, eyesight, vigilance, the use of roundabouts, etc.

What were the results?

We received excellent feedback from employees and noted a high level of participation in our activities, which provide us with good opportunities to repeat a few messages on road safety and vigilance. Recommendations on road safety may be transferred and repeated in certain areas of our operations. The "Road Safety" theme has become a means of communicating with employees on work safety.

In addition, pragmatic tools, accessible on the intranet, guarantee fair treatment of everyone with complete transparency of the salary policy. In 2006, all our employees received a summary of the Group's remuneration policy, illustrated by concrete examples and viewed in the light of the Company's situation. Over the past three years, a significant share of our payroll has been related to training. This innovative social policy requires strong economic performance by the Company, which supports the three mainstays of human resources: competitiveness, selectivity and fairness.

Encourage employees to participate in corporate responsibility

The highlights of the Group's sustainable development policy are repeated within the framework of internal training and communication. Employees are direct participants in sustainable development in the following areas: environmental policy, supplier relations, site quality and safety, and corporate responsibility.

Training programmes specific to these issues are completed through information that is directly related to each employee's professional activity. In this respect one of the highlights of 2006 was the creation of the Opale group, established to work on the prevention of alcohol-related risks in a professional environment and their impact on private life. It resulted in numerous concrete and tailor-made activities aimed at increasing awareness of responsible consumption. A further example is internal communication (environment and safety newsflashes, internal letters, intranet etc.), which automatically includes subjects related to sustainable development.

Following a number of requests, Rémy Cointreau has elected to share its experience with its suppliers, vine growers and partners, by presenting the concrete implementation of its development policy, by participating in several seminars and conferences and by answering the numerous press requests, especially to present the CO₂ test conducted at the Angers site.

RESPONSIBLE COMMUNICATION WITH OUR CUSTOMERS AND PARTNERS

2005/2006 Highlights

- Implementation of responsible consumption tools.
- Distribution of the *Guide to responsible consumption at work*.
- Validation of French and global campaigns by the Responsible Communication Committee.

Outlook

- Update of the Responsible Consumption Charter.
- Creation of new responsible consumption tools and extension to external markets.
- Installation of breathalyser systems in reception areas and consumption facilities, in partnership with the *Entreprise et Prévention* organisation.

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 (breathalysers and alcohol charts) designed in accordance with the colours used in our major brands. These tools are available to our consumers at events organised by Rémy Cointreau.

Ethical communication with customers, visitors and employees to encourage a responsible attitude

"Responsible consumption, pleasurable consumption". Rémy Cointreau goes beyond this slogan and takes positive steps among its various audiences. For example, the *Guide to responsible consumption at work* was distributed to all employees to remind them of our objectives: "We want our products to remain a source of pleasure, sharing and conviviality, both for us and our customers". In addition, tasting committees are reminded to use breathalysers after each tasting session. The Group is also committed to promoting responsible consumption among its customers and visitors. The future implementation of breathalyser systems in reception areas at the Cognac, Angers and Reims sites is a concrete example.

Campaigns that abide by the responsible consumption charter

The Responsible Communication Committee continues to meet four to five times a year in order to validate French and global campaigns, based on the six commitments of the Responsible Consumption Charter. For example, when purchasing space on the internet to promote brand websites, the Committee ensured it did not involve websites generally visited by minors.

INTERVIEW



BOB AMBROSE

EXECUTIVE VICE-PRESIDENT OF MARKETING
(RÉMY COINTREAU USA)

What is your current perception of responsible marketing in the US?

As a leader in the luxury spirit & wine category, Rémy Cointreau USA believes effective marketing also means responsible marketing. The Spirit & Wine industry, our consumers and society in general all acknowledge that beverage alcohol provides enjoyment and is often at the centre of a gathering of friends, a celebration of good times and a highlight of special occasions.

However as a socially responsible organization, we also recognize that beverage alcohol, like many other consumer products can also be used irresponsibly.

What activities have you implemented on this responsible consumption theme?

One element of this commitment is to reinforce our message by including a "Responsibility Tagline" in all our consumer and trade advertising. This is a requirement on every brand in our portfolio. The message may be as simple as "Please drink responsibly" or can also be presented in the "voice" of the brand personality.

With Cointreau, for instance, we play on interaction with the brand: "Live Cointreauversially, drink responsibly".

This underlines our commitment to our customers and loyal consumers.

FOOD SAFETY AND RESEARCH, ONGOING INVESTMENT

The Group knows the origin and journey of each bottle in each market and can prevent the manufacture and distribution of a batch if one of the products has failed to meet the standards, all within four hours. This is the objective Rémy Cointreau set itself in 2005. On the basis of implementing the new European regulation introducing complete traceability of food, the Group has intensified its product monitoring policy. External traceability has been implemented in addition to the internal traceability already in place.

Standardised labelling work conducted with partners

In order to enhance product traceability, the Group sought to establish complete visibility during this process, from the time the products are shipped out of the production sites to their arrival at the distributors. Consequently, Rémy Cointreau elected to use only the globally recognised EAN 128 labelling system on its products. The Cognac and Angers sites are now using

this system and the Reims site will shortly follow suit. Storage platforms and distribution subsidiaries established worldwide have adopted a standard pallet and case coding system.

Partners work on implementing this system, so that the Group can access all key information at each link in the chain and up to thousands of distribution outlets: date of receipt, origin, location and duration of storage, shipment date and destination.

2005/2006 Highlights

- Rollout of traceability tools: implementation of the Group's traceability policy, in accordance with European regulations.
- Continuation of steps taken in partnership with the CNRS of Poitiers on vine wood diseases in Charentes.
- Launch of air quality study at production sites.

Outlook

- Continuation of work in anticipation of food safety requirements.
- Increase efforts to combat counterfeiting.
- Share results of the thesis on wood diseases with all participants involved at a regional level (vine growers, chambers of agriculture, interprofessional organisations, etc.).



MAUD DAVID

QUALITY/ENVIRONMENT MANAGER (ANGERS)

INTERVIEW

Can you explain the choice of EAN 128?

The implementation of a traceability system is a requisite feature of supply chain management, as well as risk and quality management, in order to monitor our finished products from production to distribution. The choice of this coding system followed hand in hand with the adaptation of our traceability systems.

Have your work methods changed as a result?

We now have better control of the raw materials we receive and the finished products we deliver to our customers. Traceability tests are conducted on a regular basis: investigations are carried out on the basis of our product or raw material batch numbers. These exercises enable us to adapt our tools (production records, IT software, etc.) and improve our responsiveness in order to provide useful information in approximately four hours.

The system will be fully operational by the end of 2006 and will provide effective upstream and downstream traceability. Using the EAN 128 coding system, will enable the Group to guarantee risk identification and prevention at each stage throughout its products' journey.

Provide the highest guarantee of quality to consumers

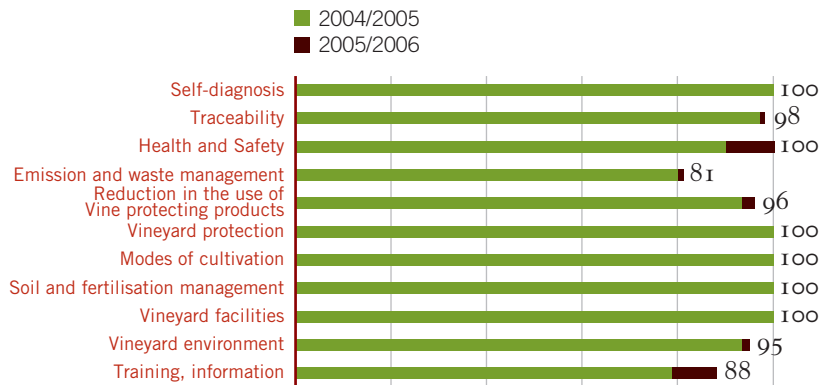
The implementation of overall traceability consolidates the HACCP method already in use within the Group. The objective of this method is to guarantee that products put on the market are healthy and harmless to consumers. It enables the Group to take preventative measures to control risks associated with the manufacturing process of a product. The system is then managed in accordance with the same requirements as a Quality System: regular audits, regular revision of action plans and recognition by an external party of compliance with activities conducted in relation to HACCP requirements.

INDICATORS AT 31 MARCH 2006

Reasoned wine making:

Ongoing implementation of Cognac progress plan

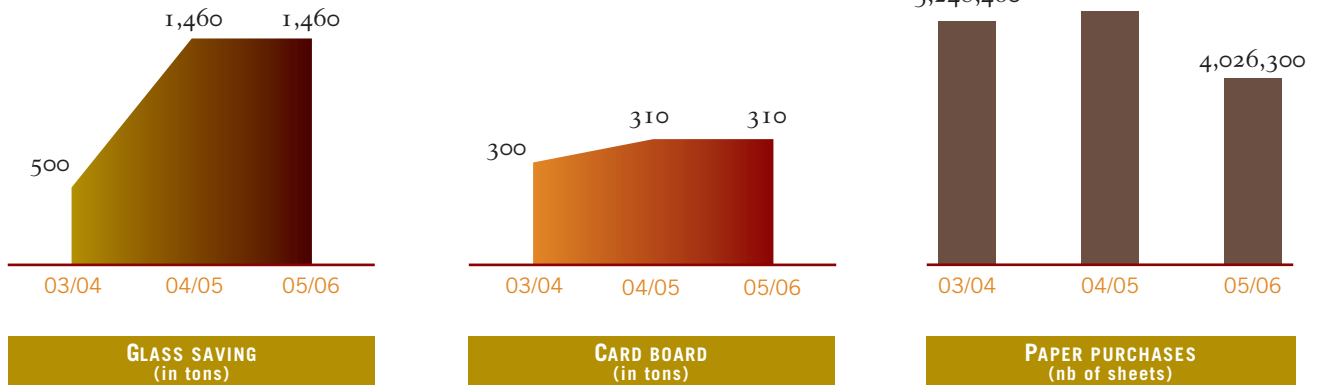
This year, the implementation rate of the reasoned wine making progress plan reached 96.2%. The plan is rapidly being implemented, as 18 soil and leaf analyses were conducted (compared with three the previous year) and 38 employees received training (17 the previous year). The vineyard grass-covering rate has reached its maximum. All pesticides used are harmless to the environment and all vineyards use natural predation. In addition, it is worth noting the significant reduction in the use of vine protecting products remains significantly below regulatory doses.



IMPLEMENTATION RATE OF THE "REASONED WINE MAKING" PROGRESS PLAN COGNAC SITE (in %)

Suppliers: maintained savings of materials (glass and cardboard) and significant efforts to reduce paper consumption.

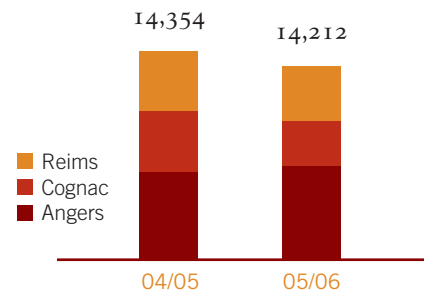
The recyclability rate of major products remains close to 99%.



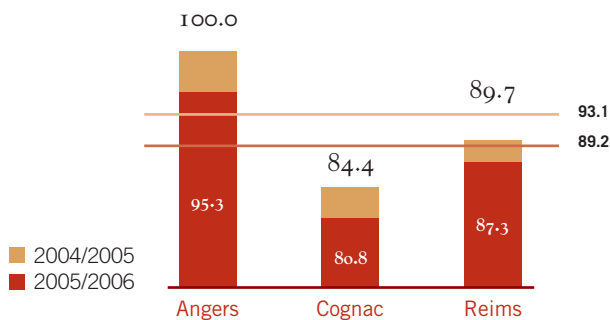
Quality, Safety, Environment: €2 million investment

The Group trebled the number of hours of training dedicated to QSE issues and sustainable development, with 7,122 hours, out of a total 17,000 hours of training programmes.

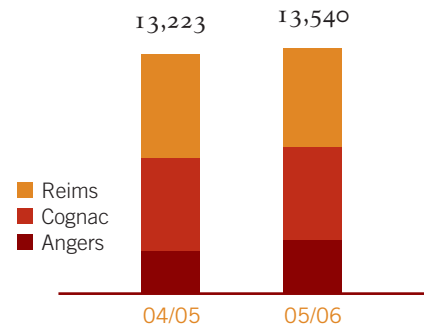
Finally, the number of work accidents remained very low, with a conventional frequency rate of 16.11 and a severity rate of 0.75.



GAS CONSUMPTION (in thousand of Kwh)

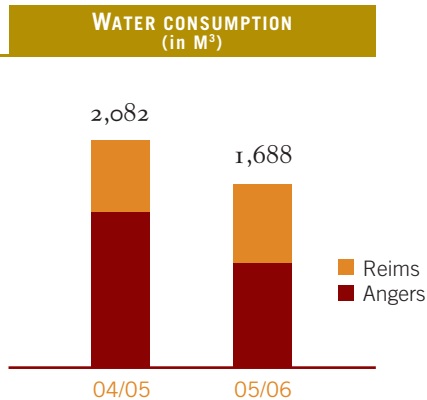
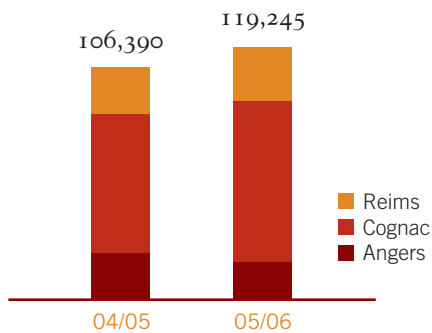
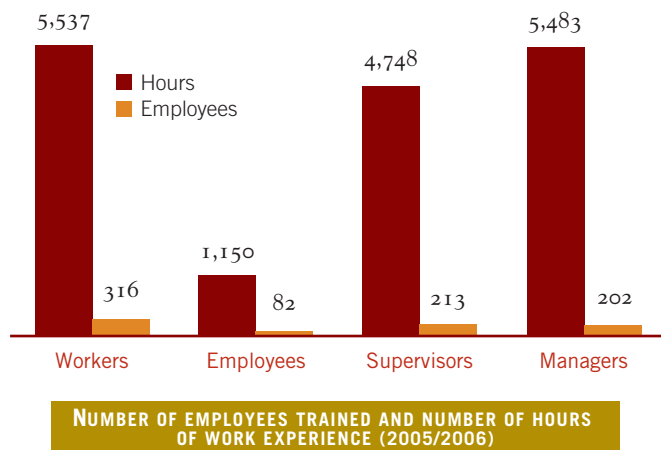
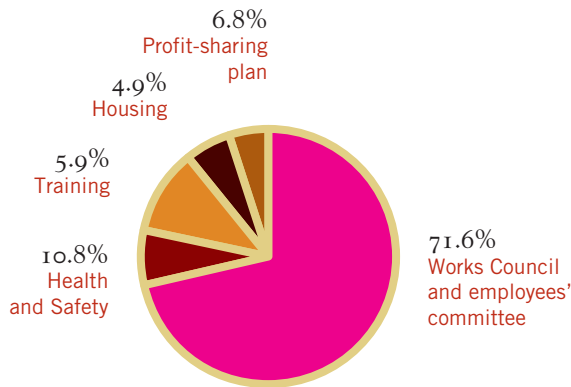
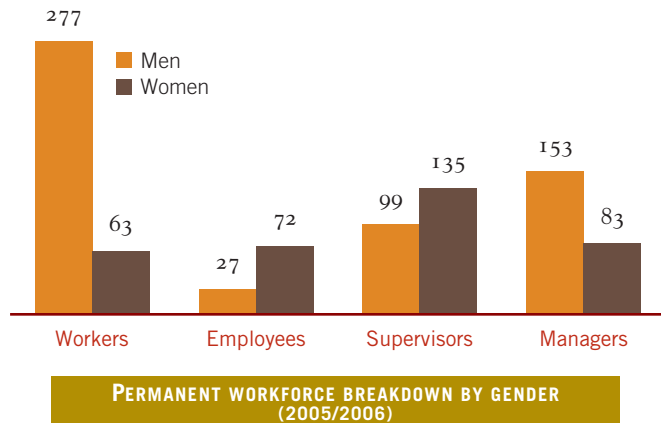


WASTE RECYCLING RATE (in %)



ELECTRICITY CONSUMPTION (in thousand of Kwh)

Human resources and social dialogue: almost €2.8 million was spent on improving working conditions and safety in the workplace. In respect of relations between personnel and management, 102 meetings were held with employee representatives. In addition, the absenteeism rate decreased from 4.99 in 2004/05 to 4.17 in 2005/06.



56% of Rémy Cointreau's employees indicate they take sustainable development into account in a tangible manner. An internal poll also revealed that 82% of the workforce think sustainable development plays a part in the day to day running of the Company and it is perceived as an economic consideration by 27% of them. This poll will be repeated every year.

CORPORATE GOVERNANCE

AT 31 MARCH 2006

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. 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 reappointed annually, so that the whole Board has been renewed at the end of a three year period.

BOARD OF DIRECTORS

Mrs Dominique Hériard Dubreuil
Chairman of the Board
Mr François Hériard Dubreuil
Mr Marc Hériard Dubreuil
Mr Pierre Cointreau
Mr Patrick Duverger*
Mr Jürgen Reimnitz*
Mr Brian Ivory
Mr Guy Le Bail
Mr Xavier Bernat*
Mr Håkan Mogren*
Mr Jean Burelle*

* *There are five independent Board members.*

Each Board member must hold at least 100 shares. Between 1 April 2005 and 31 March 2006, the Board of Directors met nine times with an 83% attendance rate.

The following four committees have been established within the Board of Directors:

- *“Audit & Finance” Committee*

The role of this committee is to examine annual and interim financial statements before they are submitted to the Board of Directors, as well as to monitor the application of IFRS and the currency exposure management policy.

- *“Development and Marketing Strategy” Committee*

The primary role of this committee is to examine advertising and promotional budgets and the selection of financial investment in brands and markets. It also analyses the growth prospects of various product categories in the markets.

- *“Ethics, Environment and Sustainable Development” Committee*

The role of this committee is to examine the implementation of the corporate and environmental responsibility policy.

- *“Nomination and Remuneration” Committee*

This committee considers nominations to the Board of Directors and submits proposals on the remuneration and allocation of stock options and free shares to directors and senior executives. Each committee reports its findings to the Board of Directors.

CHIEF EXECUTIVE OFFICER

Jean-Marie Laborde is the Chief Executive Officer. He is assisted by an Executive Committee which he chairs.

EXECUTIVE COMMITTEE

Mr Jean-Marie Laborde,
Chief Executive Officer
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.

STOCK MARKET INFORMATION

Rémy Cointreau shares are listed in the Euronext Paris SA - Eurolist - Compartment A (ISIN code : FR0000130395). The Rémy Cointreau share is part of the CAC MID100 and SBF 120 index.

SHARE PERFORMANCE

In 2005, the share price increased by 35%. Since 1 January 2006, the share's highest price was **€46.45** and its lowest price was **€37.85**.



DIVIDEND

At 31 March	2006	2005	2004
NET DIVIDEND PER SHARE (€)	1.10	1.00	1.00
NUMBER OF SHARES	45,320,286	44,247,047	44,779,849

SHARE REGISTRAR

Société Générale acts as a registrar for nominative shareholders of Rémy Cointreau shares:
Société Générale – Département Titres
32, rue du Champ de Tir – 44312 Nantes cedex 3

SHAREHOLDER INFORMATION

The Investor Relations department is responsible for the Group's information policy towards the financial community, investors and shareholders. The department is available to respond to any enquiries regarding the Group. It distributes a shareholders' letter on a regular basis.

The e-mail address is:
info@remy-cointreau.com

2006-2007 AGENDA

- 20 July 2006**
Q1 Turnover
(April to June 2006)
- 27 July 2006**
Annual General Meeting
- 19 October 2006**
Q2 Turnover
(April to September 2006)
- 13 December 2006**
Interim results as at 30 September 2006
- 18 January 2007**
Q3 Turnover
(April to December 2006)
- 19 April 2007**
Annual Turnover
(April 2006 to March 2007)
- June 2007**
Year end results as at March 2007

The Rémy Cointreau website : www.remy-cointreau.com, is designed to provide information on the Group and its operations. It includes press releases issued to the financial community, as well as presentations given to analysts and journalists. It provides access to the share price in real time and facilitates any messages to the Company.

The Privilège Club is open to all shareholders and individuals upon request at the following address:

Rémy Cointreau
Investor Relations
21, boulevard Haussmann
75009 Paris
e-mail: info@remy-cointreau.com
Direct line: + 33 (0)1 44 13 45 15

The Club enables members to familiarise themselves with the Group, its operations and its brands, particularly by providing special offers on certain products.

The Club also offers members a VIP welcome at the various production sites that are open to the public (Cointreau in Angers, Rémy Martin in Cognac and Piper-Heidsieck in Reims).

CONSOLIDATED FINANCIAL STATEMENTS

AT 31 MARCH 2006

ASSETS

	2006	2005
BRANDS AND OTHER INTANGIBLE ASSETS	629.6	922.7
PROPERTY, PLANT AND EQUIPMENT	180.5	195.6
INVESTMENTS IN ASSOCIATES	123.6	113.6
OTHER INVESTMENTS	70.7	7.6
DEFERRED TAXES	12.3	13.0
NON-CURRENT ASSETS	1,016.7	1,252.5
INVENTORIES	852.4	845.9
TRADE AND OTHER RECEIVABLES	243.1	239.7
INCOME TAX RECEIVABLE	11.0	6.9
DERIVATIVE FINANCIAL INSTRUMENTS	6.9	8.9
CASH AND CASH EQUIVALENTS	31.6	53.6
ASSETS HELD FOR SALE	204.0	–
CURRENT ASSETS	1,349.0	1,155.0
TOTAL ASSETS	2,365.7	2,407.5

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.

LIABILITIES AND EQUITY

	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	915.5	888.3
LONG-TERM FINANCIAL DEBT	376.2	746.4
PROVISIONS FOR RETIREMENT	24.5	27.1
LONG-TERM PROVISIONS FOR RISKS AND CHARGES	26.3	24.1
DEFERRED TAXES	170.8	282.4
NON-CURRENT LIABILITIES	597.8	1,080.0
SHORT-TERM FINANCIAL DEBT AND ACCRUED INTEREST	426.9	170.0
TRADE AND OTHER PAYABLES	300.4	244.1
INCOME TAX PAYABLE	23.6	3.0
SHORT-TERM PROVISIONS FOR RISKS AND CHARGES	34.1	19.4
DERIVATIVE FINANCIAL INSTRUMENTS	1.9	2.7
LIABILITIES HELD FOR SALE	65.5	-
CURRENT LIABILITIES	852.4	439.2
TOTAL LIABILITIES AND EQUITY	2,365.7	2,407.5

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.

CONSOLIDATED INCOME STATEMENT

AT 31 MARCH 2006

	2006	2005
NET SALES	798.3	748.3
COST OF SALES	(390.3)	(346.8)
GROSS PROFIT	408.0	401.5
DISTRIBUTION COSTS	(197.5)	(199.2)
ADMINISTRATIVE EXPENSES	(80.2)	(84.9)
OTHER INCOME (EXPENSES) FROM OPERATIONS	11.5	10.0
CURRENT OPERATING PROFIT	141.8	127.4
PROVISIONS FOR IMPAIRMENT	-	(3.1)
OTHER OPERATING INCOME (EXPENSES)	(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	(63.1)	(55.3)
PROFIT BEFORE TAX	60.5	81.3
INCOME TAX EXPENSE	(13.7)	(23.8)
SHARE OF PROFIT OF ASSOCIATES	8.5	7.4
NET PROFIT FROM CONTINUING OPERATIONS	55.3	64.9
NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	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	45,320,286	44,247,047

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.

COMMENTARY ON THE RESULTS

For the second consecutive year, Rémy Cointreau has achieved strong organic growth of 14.9% in current operating profit to €141.8 million, on turnover of €798.3 million. The operating margin (organic) was therefore 18.7% (a 1.7 point increase).

These good results arise from a number of factors which will have a positive impact in the future:

- growth in key brands and their movement up market, as well as continued price increases;
- refocused and sustained marketing expenditure;
- a significant increase in profit from operations overall, and particularly for cognac, and
- a reduction in debt.

The year was also marked by the Group refocusing on its key brands, following the disposal, in particular, of Bols.

DIVISIONAL PERFORMANCE

COGNAC – Rémy Martin achieved remarkable growth of 20% in current operating profit by concentrating on developing sales of Fine Champagne cognac. The operating margin increased to 23.6% from 21.8% the previous year, with a continued sustained level of marketing investment.

LIQUEURS & SPIRITS – The division reported organic growth in current operating profit of 9.7% and achieved a net operating margin of 23.6%, compared with 22.3% the previous year. Cointreau had a very good year, with continued strong support in the American market. St Rémy brandy confirmed its strength while Metaxa and Mount Gay rum continued to develop.

CHAMPAGNE – With strong dynamism in sales of Piper-Heidsieck, profit from operations increased by 14.2% while marketing investment grew strongly. The operating margin improved to 7.9% compared with 7.2% the previous year.

PARTNER BRANDS – A good performance from the partner brands distributed by Rémy Cointreau US, sustained by the strength of the Scotch whiskies and new Californian wines, which became part of the portfolio this year, generated an operating profit of €3.9 million after allocation of distribution and central costs.

CONSOLIDATED RESULTS

Turnover at €798.3 million increased by 6.7% and 4.5% on a like-for-like basis. In accordance with IFRS, revenue from operations that were sold in the 2005/06 financial year (Bols, as well as Cognac de Luze, in the process of sale) were

reclassified as "discontinued operations or in the process of disposal".

Current operating profit was €141.5 million, an increase of 11.3%, after an unfavourable euro/dollar exchange rate. Organic growth was 14.9%.

Operating margin was 17.8%. At constant exchange rates, it rose to 18.7%, a 1.7 point increase on last year.

Financial charges rose by €7.8 million to €63.1 million. This was due to a charge of €5.1 million related to the application of IAS 32 and 39 at 1 April 2005, and to exceptional charges for the refinancing of the syndicated credit, renegotiated in June 2005 on improved conditions.

Profit from continuing operations was €55.3 million after tax, compared with €64.9 million the previous year. This included a restructuring provision and a charge in respect of tax audits in progress.

Profit from discontinued operations of €18.6 million included the operating profit after tax of operations sold and in the process of sale and, solely for Bols Vodka, the net gain on disposal.

Net profit – Group share after non-recurring items, was €77.8 million.

Net financial debt was €771.5 million. It decreased by 11% or €91.3 million, including the positive effect of €23 million for the first application of IAS 32 and 39 at 1 April 2005. The positive impact of the Bols Liqueurs & Spirits' disposal, finalised in April 2006, will be taken into account in the next financial year.

Shareholders' equity – Group share amounted to €918.7 million, an increase of €49.8 million over the previous year.

A dividend of €1.10 will be proposed at the Annual General Meeting to be held on 27 July 2006.

OUTLOOK

Rémy Cointreau continues its strategy of value creation by capitalising on its key brands and strong positions in principal world markets, essential growth drivers.

Once more, the Group forecasts double-digit growth in current operating profit for the 2005/06 financial year.

Live Cointreauverstally, drink responsibly



COINTREAU
COSMOPOLITAN

Make the ordinary extraordinary

1 oz. Cointreau®
2 oz. vodka
cranberry and lime juice
shake with ice and strain
into a martini glass



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