



**Quarterly Report under the
€375 million Senior Secured Floating Rate Notes due 2013**

12 months 2006

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Readers are cautioned that forward-looking statements contained in the attached report are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from historical results and those expressed or implied in the forward-looking statements as a result of various factors.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE 12 MONTH PERIOD ENDED DECEMBER 31, 2006 AND 2005

Consolidated Balance sheets

Assets (€in thousands)	Note no.	31/12/2006	31/12/2005	Liabilities (€in thousands)	Note no.	31/12/2006	31/12/2005
Goodwill	3.1	168 185	3 698	Share capital		5 020	4 074
Plant, property & equipment	3.2	315 767	18 152	Premiums		124 306	49 037
Intangible fixed assets	3.3	95 103	42 321	Reserves		4 988	9 134
Other financial assets	3.4	29 788	25 254	Consolidated earnings		12 103	-2 965
Equity interests in associated businesses	3.5	2 557		Shareholders' equity (Group share)		146 417	59 280
Deferred tax assets	3.20	5 686	479	Minority interests		11 053	10 216
Non-current assets		617 086	89 904	Total shareholders' equity	3.10	157 470	69 496
Inventory & work in progress	3.6	96 350	41 538	Long-term provisions	3.13	11 092	1 658
Trade receivable	3.12	158 242	86 386	Long-term borrowings: more than one year	3.12	464 648	14 035
Other current assets	3.7	31 238	10 955	Non-current tax liabilities	3.20	108 743	2 391
Derivatives	3.12	1 675		Non-current liabilities		584 483	18 084
Assets held for sale	3.9	1 664		Short-term provisions	3.13	307	4 499
Cash & cash equivalents	4.2	95 012	57 298	Long-term borrowings: less than one year	3.12	8 800	37 872
				Short-term borrowings	3.12	50 161	77 983
				Trade payable and related accounts		111 819	20 327
				Derivatives	3.12	79	
				Other current liabilities	3.14	88 148	57 820
Current assets		384 181	196 177	Current liabilities		259 314	198 501
Total assets		1 001 267	286 081	Total liabilities		1 001 267	286 081

Consolidated income statement

Income statement (€in thousands)	Note no.	31/12/2006 12 months	31/12/2005 12 months
Sales		819 323	502 346
Other income on activities		135	
Consumed purchases		(267 008)	(56 327)
Payroll	3.15	(44 434)	(16 437)
External charges		(87 586)	(55 900)
Income tax and taxes	3.16	(367 735)	(358 975)
Amortisation		(10 681)	(5 242)
Other operating income	3.17	10 409	4 271
Other operating charges	3.17	(8 127)	(1 187)
Operating earnings on ordinary activities		44 296	12 549
Other operating income			
Other operating charges	3.18	(2 473)	(2 848)
Operating earnings		41 823	9 701
Cash & cash equivalents		3 876	2 209
Cost of gross financial debt		(31 230)	(8 145)
Cost of net financial debt		(27 354)	(5 936)
Other financial income	3.19	9 342	572
Other financial charges	3.19	(4 386)	(2 379)
Pre-tax earnings		19 425	1 958
Share of net earnings attributable to companies consolidated under the equity method		374	
Income tax payable	3.20	(6 773)	(3 937)
Net earnings before earnings of activities either ceased or in the process of being ceased		13 026	(1 979)
Earnings net of income tax on activities either ceased or in the process of being ceased			
Earnings		13 026	(1 979)
Earnings – share attributable to minority interests		923	986
Earnings – group share		12 103	(2 965)
Earnings per share		5,16 €	-1,46 €
Diluted earnings per share		3,28 €	-1,17 €
Number of shares that constitute the parent company's share capital		2 346 514	2 036 767
Number of diluted shares that constitute the parent company's share capital		3 690 807	2 532 045

Cash flow statement

Amounts (Euros in thousands)	31/12/2006 12 months	31/12/2005 12 months
OPERATING ACTIVITIES		
Net earnings	13 026	(1 979)
Elimination of charges and income that do not impact on cash or are not related to activities:		
- Amortisation & provisions	8 770	7 019
- Gains on disposals	85	957
- Change in deferred taxes	1 340	(803)
- Potential gains & losses due to changes in fair value	(365)	
- share attributable to companies consolidated under the equity method	(374)	
Cash from (for) operations of consolidated companies	22 482	5 194
Changes in working capital requirements of operations	1 762	(8 855)
Net cash from (for) operating activities	24 244	(3 661)
INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(56 225)	(10 883)
Disposal of fixed assets	1 696	1 980
Cash from ceased activities	601	
Investments grants received	42	
Cash from (for) changes in scope	(319 794)	976
Net cash from (for) investment activities	(373 680)	(7 927)
FINANCING ACTIVITIES		
Dividends paid to shareholders of the parent company	(1 249)	(2 036)
Dividends paid to minority interests	(209)	
Change in self-owned shares and BSAR		(6 279)
Cash increases in capital	76 270	34 235
Change in borrowings	319 238	1 368
Net cash from (for) financing activities	394 050	27 288
CHANGE IN CASH	44 614	15 700
Cash & cash equivalents at opening	178	-12 382
Adjustment of cash at opening	-68	
Cash & cash equivalents at closing	44 852	178
Impact of exchange rate fluctuations	128	(3 140)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Company's consolidated financial statements for FY 2006 include those for the Company and for its subsidiaries (the whole referred to as "the Group" or "Belvedere") and for the Group's holdings in associated companies or under joint control.

The consolidated financial statements as at 31 December 2006 are characterized by a grand total on the balance sheet of €1,001,267 k and a consolidated result of €13,026 k, with the Group's share of the consolidated result amounting to €2,103 k.

The notes given below are an integral part of the consolidated financial statements, which were definitively ratified on 27 April 2007 by the Board of Directors and will be submitted to the General Meeting of the Shareholders for approval.

1 - ACCOUNTING RULES AND METHODS

The *IFRS* principles chosen are those which were published in the *Journal Officiel de l'Union Européenne* [The Official Journal of the European Union] before 31 December 2006. They therefore do not take into account neither the standards and interpretations published by the *IASB* on 31 December 2006 but not yet adopted by the European Union as at that date, nor the standards and interpretations approved by the European Union before the financial statements were ratified, but whose application was not compulsory in 2006. The Group is currently analyzing the potential effect of these standards and interpretations, which should not have a significant effect on the published financial statements.

The financial statements are presented in euros and rounded to the nearest thousand.

While preparing the financial statements pursuant to the *IFRS* rules, Company management has been required to make estimates and assumptions which are significant for the application of the accounting standards, as well as for the valuations made of assets, liabilities, revenues and expenses. These estimates and assumptions rely on experience, as well as on a set of criteria that management thinks are the most likely, although third parties may not think so. Actual results may differ from these estimates. The estimates and assumptions are continually reviewed. The impacts of these reviews are recorded over the accounting period during which they take place or over subsequent accounting periods, as the case may be. If these estimates and assumptions apply to significant sums or if the probability that the amounts will be reviewed is high, information is given in an appendix. The principal estimates and assumptions described in this appendix relate to the valuation of pension commitments, asset value tests and the valuation of financial instruments.

These accounting principles are applied by all the companies in the Group.

1.1 Consolidation principles (IAS 27, 28 and 31)

1.1.1 Methods of consolidation

The entities in which BELVEDERE S.A. has direct or indirect control are fully consolidated. Control exists when BELVEDERE S.A. has the power to manage directly or indirectly the financial and operational policies of an entity in order to obtain benefits for its own activities. In order to assess whether the Group controls another entity, the potential voting rights exercisable or convertible at the time are considered.

The financial statements of the controlled entities are included in the consolidated financial statements from the date on which control was obtained until the date on which control is terminated.

Jointly controlled companies are consolidated using the proportional method of consolidation.

Companies in which the Group exercises a direct or indirect notable influence are consolidated using the equity method.

1.1.2 Transactions eliminated in the consolidated financial statements

Balances, unrealized gains or losses, revenues and expenses resulting from Inter company transactions are eliminated when preparing the consolidated financial statements. Unrealized gains arising from transactions with the entities under joint control are eliminated to the extent

of the Group's interest in the relevant entity. Unrealized losses are also eliminated in the same way unless the losses represent an impairment of the asset.

1.1.3 Foreign currency conversion

Accounts in foreign currency

The balance sheets of companies for which the operating currency is not the Euro are converted to Euros at the exchange rate on the closing date and their profit and loss accounts and cash flows are converted at the average exchange rate during the fiscal year, unless there have been significant exchange rate fluctuations. The resulting conversion differences are recognized as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity. Accordingly, they are expressed in the relevant entity's operating currency and are converted at the exchange rate on the closing date.

Transactions in foreign currency

Foreign currency transactions are converted at the exchange rate at the time of the transaction. At the end of the fiscal year, monetary assets and liabilities denominated in foreign currency are converted at the year-end exchange rate. The resulting conversion differences are recorded in the profit and loss account in the account "Other financial revenues and expenses". Non-monetary assets and liabilities denominated in foreign currency which are valued at the historic cost are converted using the year-end exchange rate. Non-monetary assets and liabilities denominated in foreign currency which are valued at fair value are converted using the exchange rate at the date on which the fair value was determined.

1.2 Methods of valuation and presentation

1.2.1 Fixed assets

Items for which the cost can be determined reliably and for which it is probable that the future economic benefits will accrue to the Group are recorded as fixed assets.

When events or changes to the market environment or certain internal indicators suggest the carrying amount may not be recoverable for the tangible fixed assets (bottling line and rectification column), the goodwill and other intangible assets, these items are reviewed for impairment in order to determine whether their net book value is less than the recoverable value, which is defined as the higher of the two following: i) their fair value (less the transfer costs) and ii) their value in use. The value in use is determined by actualizing the future cash flows expected from the utilization and sale of the asset.

If the recoverable amount is less than the net book value, an impairment loss is recorded for the difference between these two amounts.

1.2.1.1 Company groupings and goodwill (IAS 36, 38 and IFRS 3)

Company groupings are recorded according to the acquisition method, pursuant to the IFRS 3 standard (Company groupings). The assets, liabilities and identifiable contingent liabilities of the acquired entity are posted at their fair value at the date of purchase, after a maximum period of evaluation of 12 months from the purchase date.

The cost of acquiring negotiable securities is equal to the amount of the payment made to the seller, plus the amount of the external costs directly attributable to the purchase. Any surplus between the purchase cost and the Group's share in the fair value of the assets, liabilities and contingent liabilities is recorded as goodwill. If the Group's share exceeds the purchase cost, the difference is recorded as profit at the purchase date.

Goodwill is not amortized, in accordance with the IFRS 3 standard "Company groupings". It is tested for impairment at least annually, as well as isolated tests in the event of an impairment indicator. If the recoverable value of a Cash Generating Unit (UGT) is less than its book value, a depreciation figure is recorded in miscellaneous operating expenses.

The recoverable value of a UGT is the higher of the following: i) its fair value less the transfer costs and ii) its value in use.

For this test, fixed assets are combined as a UGT and the goodwill allocated to different UGTs (or group of UGTs). UGTs are homogeneous groups of assets whose continued use generates cash inputs which are broadly independent of cash inputs generated by other groups of assets. The value in use of these units is determined by reference to actualized future cash flows. It is carried out on the basis of the parameters output by the budgetary and forecasting process, extended to a 5-year horizon, including growth and profitability rates considered reasonable. Long term updating and growth rates, assessed from analyses of the sector in which the Group operates, are used to estimate the utility of value of UGTs. If the recoverable value of a UGT is less than its net book value, the corresponding loss of value is allocated as a priority to goodwill and recognized in the operating result in the account "Other operating expenses".

A goodwill impairment cannot be transferred later.

For the Group, the UGT corresponds to the distribution by activity, *viz.* at the end of December: (i) spirits, (ii) wines, (iii) non-alcoholic beverages and (iv) distribution of non-Group beverages as detailed in note 3.e.

1.2.1.2 Other intangible fixed assets (IAS 36, 38 and IFRS 3)

Other intangible assets include trademarks, software, patents, computing tool licensing agreements and perpetual rights with usufruct over the land in Poland.

Trademarks are amortized only when their lifetime cannot be considered as indefinite. Trademarks with a defined lifespan, by virtue of their positions on their respective markets and an assessment of the risks inherent to their use, will be amortized over their estimated lifespan generally 15 years. An impairment test is carried out annually for trademarks with an open-ended lifespan and, if there is an impairment indicator for others, either in conjunction with an expert report or based on the values recoverable from the brand names.

The recoverable value is the higher of their net resale value and their value in use. The value in use is determined by actualizing future cash surpluses which will accrue to the asset. The actualizing rate used takes into account a market interest rate before tax without risk, plus the specific risk for the asset valued. For assets which do not generate cash flows independently, the recoverable value is determined for the cash generating unit to which this asset is attached.

An impairment transfer is recorded in the event of a change in the items used to calculate the recoverable value (the book value of an asset, increased owing to the transfer of a loss of value is limited to the book value which was determined net of amortizations, if no impairment was recorded).

Purchased software is amortized over its estimated useful life.

Pursuant to IFRS, the perpetual rights with usufruct over the land in Poland comply with the criteria for recognition as intangible assets in IFRS and are amortized over the duration of the perpetual rights (99 years).

1.2.1.3 Tangible fixed assets (IAS 36 and 16)

Land, buildings and equipment are stated at historic cost, less depreciation and impairment losses.

Tangible fixed assets are depreciated using the straight line method, depending on the components and their useful lifespan as follows:

- Buildings (administrative and commercial)	10 to 50 years
- Fixtures and fittings, facilities	3 to 15 years
- Plant, machinery and equipment	5 to 20 years
- Transport equipment	3 to 10 years
- Furnishings and office equipment	3 to 10 years

1.2.1.4 Financial instruments (IAS 32 and 39)

Financial assets and liabilities are treated in accordance with the provisions of the IAS 39 standard as adopted by the European Commission on 19 November 2004 and supplemented by (CE) rules no. 1751/2005 of 25 October 2005 and no. 1864/2005 of 15 November 2005.

The actual interest rate is the rate which actualizes exactly future cash disbursements or receipts over the predicted life of the financial instrument or, according to case, over a shorter period in order to obtain the net book value of the financial asset or liability.

The fair value is the amount for which an asset might be exchanged, or a liability discharged, between well informed consenting parties engaging in arm's length transactions. Reference to quoted market prices on an active market is the best indication of the fair value of financial instruments. When there are no such prices, the fair value is determined by applying recognized valuation techniques using "observable" market data.

Financial assets are classified into the four categories of assets applicable to the headings defined by the IAS 39 standard:

- Financial assets at fair value through profit and loss by nature or by option

The Group uses derivatives to manage its interest rate risk and to hedge its exposure to fluctuations in exchange rates in the course of its business operations. However, given the lack of documentation the absence of monitoring of the fair value at each date hedging instruments, said hedging instruments are ineligible for posting as hedging and their fair value variations are recorded directly in financial profit and loss under the heading "Cost of financial indebtedness".

The Group also holds financial instruments intended for speculation and takes decisions to buy and sell these investments based on their fair value. When they are first recorded, the directly attributable transaction costs are recorded in profit and loss when they are incurred. Financial instruments at fair value based on income are valued at their fair value and any resultant variation is posted to profit and loss.

- Financial assets available for sale

Equity investments in non-consolidated companies are classified as "available for sale" and are recognized at their fair value via Shareholders' Equity. In the event of long-term impairment, an asset depreciation is recorded through profit and loss.

- Financial securities held to maturity

Financial securities held until the due date are financial assets, other than derivatives, with determined or determinable payment and a fixed maturity date. The Group has the firm intention to hold - and can hold - these assets until they become due.

The Group did not have any financial securities belonging to this category during the periods ending on 31 December 2006 and 31 December 2005.

- Loans and receivables

Loans and receivables are financial assets, other than derivative instruments, with determined or determinable payment, which are not quoted on an active market.

They include receivables related to affiliates and other loans and receivables. These instruments are initially recognized at their fair value, then at the amortized cost using the actual interest method. They are subject to impairment tests, made when indicators show that the recoverable value of those assets may be less than their book value. This indicator search is made at least on each closing of the accounts. The impairment loss is recorded in profit and loss.

As for customer receivables, an allowance for bad debts at their fair value is recorded when it appears doubtful that these receivables will be collected. This provision, determined on a case by case basis, is equal to the difference between the receivables carrying amount (excluding VAT) and its estimated recoverable value.

Customer receivables assigned under a factoring agreement are posted to the "Customers" line item.

1.2.2 Financial Lease Contracts and straightforward Rentals (IAS 17)

Fixed assets which are subject to a financial lease contract (the effect of which is to transfer to the Group almost all benefits and risks inherent to ownership) are recorded as tangible fixed assets on the balance sheet. These fixed assets are depreciated using the straight-line method over the shorter of the useful life of the asset or the lease term. The corresponding debt is recorded under liabilities.

The expenses for straightforward rentals are recorded as expenses when incurred.

1.2.3 Inventories (IAS 2)

Inventories are stated at the lower of cost and net realizable value. The cost price includes purchase costs, transformation costs and other costs incurred to bring the inventory to its present location and condition.

1.2.4 Assets held with a view to selling

Fixed assets, whether assets representing complete branches of activity or assets intended for sale, are posted to the line "Assets held with a view to selling".

A fixed asset or a group of assets and liabilities is held with a view to selling when its book value will be recovered principally through a sale and not from its continued use. So that this is the case, the asset must be available for immediate sale and this must be highly probable. These assets or groups of assets are presented separately from other assets or groups of assets. These assets or groups of assets are valued at the lower of book value or estimated selling price, net of transfer costs.

An abandoned activity is defined as a component of the company which is either being sold, or is classified as an asset intended for sale, which:

- represents an activity or a geographic area significant for the Group;
- is included in a high level plan to sell an activity or a geographic area significant for the Group; or
- is a subsidiary purchased solely for resale.

Regarding fixed assets not intended for the activity undertaken or not embodying an operating process as they are intended to be transferred outside the Group, depreciation ceases with the decision to sell.

1.2.5 Cash and Cash equivalents and Investment Securities (IAS 7 and 39)

Cash and cash equivalents include cash in current bank accounts, shares in cash UCITS and negotiable debt securities, which can be mobilized or transferred in the very short term and present no significant risk of impairment loss in case of interest rate changes. All their components are recognized at fair value in profit and loss.

1.2.6 Treasury stock (IAS 32)

Pursuant to IAS 32, all treasury stock held by Belvedere was recorded as a deduction to the consolidated Shareholders' Equity. The results from the sale of the treasury stock for the relevant periods are shown in the financial statements as a variation of the consolidated Shareholders' Equity.

1.2.7 Employee benefits (IAS 19)

Pursuant to the laws and practices of each country in which it operates, the Group participates in pension plans and retirement indemnity plans.

For basic plans and other plans with defined contributions, the Group records as expenses the payable contributions when they are due. No provision is recorded as the Group is not committed beyond the contributions paid.

For plans with defined benefits, these commitments are covered either by dedicated insurance policies or by provisions in the balance sheet and are determined as follows:

- The actuarial method used is the projected unit credit method, in which every period served by an employee entails the recording of a unit entitling that employee to a certain amount of benefit, and which values independently each of the said units in order to calculate the final obligation. These calculations include assumptions on mortality, personnel turnover and future salary projections,
- The actuarial differences are recognized through profit and loss.

The expense representing the variation in the commitments for pensions and other benefits that an employee will receive on retirement is recorded as an operating expense.

Certain benefits, such as long-service medals or jubilee bonuses offered in various countries, are also recorded using actuarial provisions.

1.2.8 Payment in shares: stock options granted to personnel

Belvedere records transactions made with employees or third parties, payment of which is based on stock options. These are essentially stock option plans allocating stock options to employees, such recording being mandatory for the stock option plans granted after 7 November 2002 with a vesting period subsequent to January 1st, 2005.

Given the granting period and the vesting period requirements, IFRS 2 does not apply to the Group's existing stock option plans.

1.2.9 Provisions (IAS 37)

Pursuant to IAS 37 "Provisions and contingent liabilities and assets", the Group records provisions if and when there are actual, legal or implicit obligations arising from past events for which certain outflows of resources representing economical benefits will be required to settle the obligation and the amount can be reliably estimated.

When the time effect is significant, the provision is measured by actualizing the expenditures at a pre-tax rate reflecting current market assessment of the time value of money and, when appropriate, the risks specific to such liability.

1.2.10 Financial liabilities

The financial liabilities are bank loans and debt instruments. Bank loans and debt instruments are valued initially at the fair value of the price received, net of transaction costs incurred directly attributable to the operation.

Subsequently, they are stated at their amortized cost, by using the effective interest method.

Hybrid instruments

Some financial instruments contain both a financial debt component and an equity component. The various components of these instruments are posted in equity, and in financial debt instruments for their respective shares, pursuant to IAS 32 as revised. Accordingly, if a financial instrument includes different components having debt and other characteristics, say equity, the issuer must classify these different components separately. A single instrument must be, if relevant, present partly as debt and partly as equity. This category of instruments comprises financial instruments creating a debt for the issuer and granting to the bearer an option to convert this debt into an issuer's equity instrument. When the fair value of the hybrid instrument is allotted between the debt component and its equity component, the equity share is defined as the difference between the fair value of the composite instrument overall and the debt component. The debt component is the market value of a debt having similar characteristics but not including any equity component.

1.2.11 Revenue recognition (IAS 18)

Turnover from the sale of goods is recorded net of discounts and trade benefits granted to the customer and net of any sales tax, as soon as the risks and benefits inherent to ownership have been transferred to the customer or the service has been rendered.

In certain countries outside France, notably Poland, excise duties are considered as being, by their nature, constitutive elements of the cost of a product and for this reason are not deducted from turnover.

Pursuant to the IAS 18 rule, some costs of commercial services, such as advertising programs in co-operation with distributors, the costs of benchmarking new products or promotional and advertising actions at the point of sale, will reduce turnover as soon as there is no separable service whose fair value can be measured reliably.

1.2.12 Operating result

The current operating result is attributable to activities in which the company is engaged in its everyday business, as well as secondary activities which it conducts as a sideline or as an extension of its normal business.

Other operating revenues and expenses stem from extraordinary events or operations outside its normal business, non-recurring and significant for consolidated performance.

1.2.13 Financial result (IAS 16 and 23)

The financial result is comprised of the cost of the gross financial indebtedness, cash revenues, other financial expenses and revenues and variations of fair value recorded related to debt instruments.

All interest expense is recorded in the fiscal year during which it is incurred.

1.2.14 Income taxes (IAS 12)

Deferred tax assets and liabilities are calculated according to the liability method, based on the time differences arising between the accounting and tax bases of the assets and liabilities on the balance sheet. Deferred taxes are not calculated for: (i) goodwill which is non-deductible for tax purposes (ii) initial posting of an asset or liability in a transaction, other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss, and (iii) timing differences arising on investments in subsidiaries when the timing differences will not reverse in the foreseeable future.

The applicable tax rates for future periods are used for determining the amount of deferred taxes at closing.

Deferred tax assets are recognized only insofar as it is probable that future taxable results will allow them to be used.

Deferred taxes are recorded as expenses or profits, except when they are generated by elements that are recorded directly in Shareholders' equity. In this case, the deferred taxes are also recorded in Shareholders' equity.

1.2.15 Earnings per share (IAS 33)

The earnings per share are calculated by dividing the Group's share of the net by the average number of shares in circulation during the fiscal year, after deducting shares owned by the Group. The diluted earnings per share are calculated by including in the average number of shares a conversion of all the

existing diluent instruments (share option schemes, share subscription warrants and auto BSAR held are excluded from the calculation base). As at 31 December 2006, the number of diluent instruments in circulation and not yet exercised represents the potential creation of 1,672,727 new shares.

1.3 Segment Reporting (IAS 14)

Due to the Group's internal organization, segment information is shown by geographic sectors and by families of sales.

1.4 Cash Flow Statement

The net cash flow shown on the consolidated cash flow statement corresponds to the net cash received from the companies' operations, and excludes that originating in variations of the working capital requirement, current income taxes and provisions for other liabilities.

1.5 Significant events during the fiscal year

The significant events of the fiscal year were the issue of OBSARs convertible bonds on 11 April 2006 in the sum of 160 M€, FRN in May 2006 in the sum of 375 M€ and the purchase of Marie Brizard on 13 April 2006. These items are detailed respectively in 3.12.2, 2.1 and 2.2.

2. Scope of consolidation

a. Scope of consolidation as at 31 December 2006

Company	Country	Consolidation method 2006	% of ownership 2006	% of ownership 2005	Consolidation method 2005	% of interest 2006	% of interest 2005
BELVEDERE	France	Parent company	Parent company	Parent company	Parent company	100,00%	100,00%
BELVEDERE LOGISTIK	Germany	Fully consolidated	Fully consolidated	90,00%	90,00%	90,00%	90,00%
EURO-AGRO WARSZAWA	Poland	Fully consolidated	Fully consolidated	99,90%	99,90%	99,90%	99,90%
DOMAIN MENADA	Poland	Fully consolidated	Fully consolidated	100,00%	100,00%	87,72%	87,72%
BELVEDERE DISTRIBUTION	Bulgaria	Fully consolidated	Fully consolidated	100,00%	100,00%	87,72%	87,72%
BELVEDERE CZESKA	The Czech Republic	Fully consolidated	Fully consolidated	98,60%	98,60%	98,60%	98,60%
DOMAIN MENADA (BELVEDERE BULGARIA)	Bulgaria	Fully consolidated	Fully consolidated	100,00%	100,00%	87,72%	87,72%
TIANJIN BELVEDERE INTERNATIONAL TRADE CO LTD	China	Fully consolidated	Fully consolidated	100,00%	100,00%	100,00%	100,00%
CRIS VINS	Poland	Fully consolidated	Fully consolidated	80,00%	80,00%	80,00%	80,00%
BELVEDERE BALTIC	Lithuania	Fully consolidated	Fully consolidated	80,00%	80,00%	80,00%	80,00%
PREKYBA	Lithuania	Fully consolidated	Fully consolidated	60,00%	60,00%	60,00%	60,00%
SOBIESKI USA	United-States	Fully consolidated	Fully consolidated	100,00%	100,00%	100,00%	100,00%
SAKAR	Bulgaria	Fully consolidated	Fully consolidated	99,39%	99,39%	87,19%	87,19%
VINIMPEX	Bulgaria	Fully consolidated	Fully consolidated	100,00%	100,00%	87,72%	87,72%
BELVEDERE CAPITAL MANAGMENT	Bulgaria	Fully consolidated	Fully consolidated	87,72%	87,72%	87,72%	87,72%

Company	Country	Consolidation method 2006	Consolidation method 2005	% of ownership 2006	% of ownership 2005	% of interest 2006	% of interest 2005
VILNIUS DEGTINE	Lithuania	Fully consolidated	Fully consolidated	68,29%	68,29%	68,29%	68,29%
SOBIESKI SPOLKA	Poland	Fully consolidated	Fully consolidated	100,00%	100,00%	100,00%	100,00%
DESTYLARNIA SOBIESKI	Poland	Fully consolidated	Fully consolidated	83,17%	83,17%	83,17%	83,17%
POLMOS KRAKOW	Poland	Fully consolidated	Fully consolidated	85,57%	85,57%	85,57%	85,57%
KRAKOW DROZLZY PIEKURSKICH	Poland	Fully consolidated	Fully consolidated	100,00%	100,00%	85,57%	85,57%
POLMOS LANCUT	Poland	Fully consolidated	Fully consolidated	95,55%	85,00%	95,55%	85,00%
VREMENA GODA	Russia	Fully consolidated	Fully consolidated	55,00%	55,00%	55,00%	55,00%
SOBIESKI TRADE (EX ALCO PEGRO)	Poland	Fully consolidated	Fully consolidated	100,00%	99,88%	100,00%	99,88%
SLOVAQUIE	Fully consolidated	Slovakia	Fully consolidated	100,00%	100,00%	100,00%	100,00%
SAKAR VINEYARDS	Bulgaria	Fully consolidated		100,00%		87,72%	
MENADA VINEYARDS	Bulgaria	Fully consolidated		100,00%		87,72%	
TMT	Poland	Fully consolidated		100,00%		100,00%	
TMT CENTRUM	Poland	Fully consolidated		100,00%		100,00%	
MAGICHESKY KRISTALL	Russia	Proportionately consolidated		50,00%		27,50%	
BELVEDERE SP	Russia	Fully consolidated		100,00%		55,00%	
BELVEDERE M	Russia	Fully consolidated		100,00%		55,00%	
IVAN KALITA	Russia	Fully consolidated		99,99%		54,99%	
France	MARIE BRIZARD & ROGER INTERNATIONAL SA	Fully consolidated		100,00%		100,00%	
COGNAC GAUTIER SA	France	Fully consolidated		100,00%		100,00%	
MARIE BRIZARD Spain	Spain	Fully consolidated		100,00%		100,00%	
WILLIAM PITTERS INTERNATIONAL SAS	France	Fully consolidated		100,00%		100,00%	
CHAIS BEUCAIROIS SAS	France	Fully consolidated		100,00%		100,00%	

C.I. NOLET & CO	Belgium	Equity method		25,05%		25,05%	
SCI ROGER	France	Fully consolidated		100,00%		100,00%	
DISTILLERIES FRANCAISES	France	Equity method		100,00%		100,00%	
BELVEDERE SCANDINAVIA	Denmark	Fully consolidated		100,00%		100,00%	
BELVEDERE DUTY FREE	Denmark	Fully consolidated		100,00%		100,00%	
SOBIESKI SARL	France	Fully consolidated		100,00%		100,00%	
ROKICKI	Poland	Fully consolidated		100,00%		100,00%	
WAWRZYNIAK	Poland	Fully consolidated		100,00%		100,00%	
BELVEDERE UKRAINE	Ukraine	Fully consolidated		100,00%		100,00%	

Commitments given/received by purchased and sold companies

- When Vinimpex was bought in 2003, the Group agreed to maintain its interest at a minimum of 51% for three years. This commitment ended at the end of 2006. Following the purchase of Vinimpex in November 2003, the Group was committed to make investments of approximately 777 k€ over three years. This commitment was fulfilled, Vinimpex having invested 1,107 k€ over three years, principally in purchasing and planting Bulgarian vineyards.
- In January 2007, the Group signed with the Polish Minister of Privatization an agreement to take over the Polish Government's minority share in Polmos Lancut and discharge the Group's residual commitments to the Polish Government in the privatization of this Polmos. This agreement is in the process of being ratified by the Polish Government.
- Following the purchase of Polmos Krakow in October 2002, the Group took a commitment to build a new plant in Krakow Biezanow before the end of 2005, the project is launched and the details are under discussion with the Polish government taking into account the present market condition.
- Marie Brizard received a guarantee of the assets and liabilities in the financial statements of Les Chais Beaucairois S.A.S., incorporating a franchise of 100 k€ and a maximum of 5 M€. This liabilities' guarantee ends completely on 31 August 2007.
- Marie Brizard has provided an indemnity agreement in the form of a price reduction when selling Sorevi's stock on the basis of the financial statements of 31 December 2003. This commitment has a floor of 150 k€ and a ceiling of 2,050 k€ and ends completely on 31 December 2007.

Belarus

In Belarus, the Group's activities ceased during the second quarter of 2006 owing to difficulties with the local partners. Changes have since been made to the management, and operations, which were due to start in the second half of this year under pressure from the Lithuanian management, were delayed owing to the enactment by Belarus' Government of new regulations covering the trade in alcoholic beverages. Accordingly, the Group's Belarus companies could recommence trading during fiscal year

2007. Belvedere S.A has made provisions for all the financial debts which it holds over these companies.

b. Variations of scope

i. Within the scope

Purchase of Marie Brizard

On 23 December 2005, Belvedere signed a contract for the indirect purchase of the 69.3% stake held by Duke Street Capital Company in Marie Brizard's capital stock. The transaction was completed on 13 April 2006. The total amount of this purchase was 213.4 million Euros, giving a valuation of 141.0 €per Marie Brizard share.

Following this transaction, Belvedere launched a public offer for the remaining listed shares at €141.0 per share, resulting in Belvedere owning, directly and indirectly, more than 98.6% of Marie Brizard's share capital and voting rights.

Belvedere subsequently launched a minority buyout offer for the remaining shares in Marie Brizard, followed by a mandatory squeeze out procedure.

The Marie Brizard acquisition was funded with:

- a €65.0 million senior secured bridge loan facility entered into by Belvedere on 13 April 2006, of which €75.0 million was used to acquire the 69.3% indirect interest in Marie Brizard on 13 April 2006, and the balance placed into an escrow account for future payments to Marie Brizard shareholders pending the launch of the mandatory public offer; and
- the net proceeds from the issue of €160.0 million aggregate principal amount of 2006 OBSAR Bonds, of which €2.5million were subscribed to by CL Financial Group. On 13 April 2006, CL Financial Group exercised 457,720 warrants attached to a portion of their 2006 OBSAR Bonds paying the related exercise price by delivering to Belvedere approximately €75.5 million of 2006 OBSAR bonds in exchange for Belvedere shares.
- The €375m FRN issue was used to refinance in full the bridging loan mentioned above.

Danzka acquisition

In line with its strategy of international expansion and adding premiums to the prices of certain brands, the Belvedere Group has recently acquired Danzka from the Swedish group V&S. With over 170,000 cases sold in 2005, this Danish premium vodka is the fourth-largest vodka brand sold in duty-free shops throughout the world. This acquisition enabled Belvedere to:

- integrate into its catalogue of Polish and Russian vodkas an internationally reputed premium vodka from Northern Europe that will be distributed through the Belvedere and Marie Brizard networks.
- open up the network of duty-free shops worldwide to its international brands via Belvedere Scandinavia, a fully owned subsidiary created for this purpose in August 2006.

The following companies were also consolidated for the first time on 31/12/2006:

- TMT
- TMT CENTRUM
- ROKICKI

- WAWRZYNIAK
- BELVEDERE UKRAINA
- SAKAR VINEYARDS
- MENADA VINEYARDS
- MAGICHESKY KRISTALL
- BELVEDERE ST PETERSBURG
- BELVEDERE M
- IVAN KALITA
- SOBIESKI SARL

On 28 June 2006, Sobieski Trade acquired all the stock in TMT Centrum. TMT CENTRUM held 99.45% of the stock in TMT, with the remaining 0.55% having been acquired by Sobieski Trade. At the beginning of November 2006, Sobieski Trade acquired 100% of the stock in Rokciki and Wawrzyniak. These acquisitions have added weight to the presence of Belvedere products in the traditional Polish distribution networks.

ii. Exits from the scope

None

iii. Other variations to the scope

Sobieski Spolka has taken over the minority share in Sobieski Trade. This operation has increased our holding from 99.875% to 100%.

Sobieski Spolka has subscribed to the Lancut capital increase and has redeemed 8.73% of the minority shareholders' stake. Our holding has increased from 85% to 95.55%.

3. Information relating to the balance sheet and the profit and loss account

a. Goodwill

Amounts (Euros in thousands)	31/12/2005	Increases	Reductions	Change of scope	Exchange gains/losses	31/12/2006
Gross values						
Poland	3 951			21 026	248	25 225
Other countries	1 315					1 315
Western Europe	38			143 216		143 254
Lithuania	369				3	372
Total	5 673			164 242	251	170 166
Amortisation & depreciation						
Poland	(755)				(7)	(762)
Other countries	(1 181)					(1 181)
Western Europe	(38)					(38)
Lithuania						
Total	(1 974)				(7)	(1 981)
Net values						
Poland	3 196			21 026	241	24 463
Other countries	134					134
Western Europe				143 216		143 216
Lithuania	369				3	372
Total	3 699			164 242	244	168 185

- Goodwill

The residual goodwill after the allocation relating to the Marie Brizard (MBRI) acquisition was 143 M€ as at 31 December 2006 and was calculated pursuant to IFRS 3 as described in note 1.2.1.1.

The net assets acquired from Marie Brizard are detailed below:

Net assets acquired - Marie Brizard (€in thousands)	Net book value before acquisition (€in thousands)	Fair value of net assets acquired (€in thousands)
Non-current assets	181 222	338 011
Current assets	154 023	156 874
Total assets	335 244	494 885
Non-current liabilities	115 879	201 811
Current liabilities	121 132	124 797
Total liabilities	237 011	326 608
Net assets acquired	98 234	168 278
Goodwill	213 263	143 217
<i>of which historical goodwill</i>		81 764
Acquisition cost	311 496	311 496

The cost of purchasing MBRI breaks down as follows:

- cash payment of 307,005 k€
- purchasing expenses of 4,491 k€

Pursuant to IFRS 3, Belvedere has a maximum of 12 months from the date of purchasing MBRI to determine the fair value at the acquisition date of the assets, liabilities and contingent liabilities of the entity purchased.

The principal fair value adjustments are:

- cancellation of the trade marks and historic intangible fixed assets for a sum of 143,427 k€ and the valuation of the Marie Brizard trademarks at 280,514 k€
- revaluation of the historic tangible fixed assets to the fair value net of tax at 13,082 k€
- recording of deferred taxes on the Marie Brizard trademarks, the tangible fixed assets and the fair value of the inventory at a sum of 85,932 k€
- putting a fair value on the inventory acquired of 2,852 k€ before tax. This impact is incorporated in the purchase cost of the inventory and is repeated in the cost of sales as this inventory is run down.

The trademarks, intangible and tangible fixed assets have been valued by independent outside experts, in accordance with generally accepted methods in valuation practice. The trademarks concerned are Marie Brizard, Pulco, Sirop Sport, Old Lady's and Berger.

Other fair value adjustments include management estimates.

- Impairment tests

The method used to assess the recoverable value of UGTs is detailed in note 1.2.1.1. The individual assumptions used to determine the recoverable value of the purchase differences are:

- an average standard long term growth rate of 0% to 2% *per annum*.
- an actualizing rate varying from 6.40% to 7.10% in 2006 according to product category.

b. Intangible fixed assets

Amounts (Euros in thousands)	31/12/2005	Increases	Reductions	Change of scope	Restatements	Exchange gains/losses	31/12/2006
Gross values							
Research & development expense		62					62
Concessions, patents, licences	10 271	15 762	(167)	280 836	176	61	306 939
Business				90	(90)		
Other intangible fixed assets	10 177	340	(388)	9 368	(12)	76	19 561
Total	20 448	16 102	(555)	290 294	74	137	326 562
Amortisation							
Research & development expense		(3)					(3)
Concessions, patents, licences	(982)	(316)	135	(322)	40	(22)	(1 467)
Business			8	(8)			
Other intangible fixed assets	(1 314)	(1 273)	341	(7 061)	(8)	(10)	(9 325)
Total	(2 296)	(1 589)	484	(7 391)	32	(32)	(10 795)
Net values							
Research & development expense		59					59
Concessions, patents, licences	9 289	15 446	(32)	280 514	216	39	305 472
Business			8	82	(90)		
Other intangible fixed assets	8 863	(933)	(47)	2 307	(20)	66	10 236
Total	18 152	14 513	(71)	282 903	106	105	315 767

- The perpetual rights with usufruct over the land in Poland comply with the criteria for recognition as intangible assets in IFRS and are amortized over the duration of the perpetual rights (99 years) and relate to the following factories: Polmos Krakow with a gross value of 8,544 k€
- Krakow Drozly Piekurskich with a gross value of 142 k€
- Polmos Lancut with a gross value of 605 k€
- Destylarnia Sobieski with a gross value of 381 k€

The Zawisza brand name was pledged to a banking establishment to guarantee a loan of 5,000 k€ and an authorized overdraft of 2,500 k€

During the FRN issue, the following trademarks were pledged:

- Iouri Dolgarouki
- Sobieski
- Marie Brizard
- Pulco
- Old Lady's
- Berger
- Sirop Sport
- "PL Polonaise"
- Starogardzka
- Balsam Pomorski
- Krakowska
- Zawisza (second rank)

The trademarks and other assets owned by MBRI were pledged for the refinancing obtained by MBRI during the FRN issue.

- Impairment tests

The method used to assess the recoverable value of UGTs is detailed in note 1.2.1.1. The individual assumptions used to determine the recoverable value of the purchase differences related to intangible fixed assets with an open-ended lifespan are:

- a standard average long term growth rate of 2%
- an actualizing rate of 10.62% in 2006.

c. Tangible fixed assets

Amounts (Euros in thousands)	31/12/2005	Increases	Reductions	Change of scope	Exchange gain/loss	Restatements	31/12/2006
Gross Values							
Land	2 578	177	(86)	7 100	16	0	9 785
Buildings	27 658	1 199	(1 048)	52 434	137	307	80 687
Technical facilities plant & equipment	45 256	3 516	(3 461)	48 224	228	3 435	97 198
Other fixed assets	7 030	1 625	(1 917)	7 292	27	(752)	13 305
Fixed assets in progress	2 292	6 502		844	77	(3 388)	6 327
Total	84 814	13 019	(6 512)	115 894	485	(398)	207 302
Depreciation							
Land		(59)	70	(663)		141	(511)
Buildings	(12 242)	(2 999)	1 083	(21 017)	(77)	138	(35 114)
Technical facilities plant & equipment	(25 798)	(5 002)	1 908	(38 174)	(177)	(20)	(67 263)
Other fixed assets	(4 347)	(850)	1 764	(5 658)	(26)	(21)	(9 138)
Fixed assets in progress	(105)	(52)				(16)	(173)
Total	(42 492)	(8 962)	4 825	(65 512)	(280)	222	(112 199)
Net values							
Land	2 578	118	(16)	6 437	16	141	9 274
Buildings	15 416	(1 800)	35	31 417	60	445	45 573
Technical facilities plant & equipment	19 458	(1 486)	(1 553)	10 050	51	3 415	29 935
Other fixed assets	2 683	775	(153)	1 634	1	(773)	4 167
Fixed assets in progress	2 187	6 450	0	844	77	(3 404)	6 154
Total	42 322	4 057	(1 687)	50 382	205	(176)	95 103

As an industrial Group, Belvedere does not have a fixed asset portfolio outside its core business.

In connection with the payment of excise duties and the granting of banking lines of credit, the Group has given various pledges and guarantees over plant and equipment, receivables and the inventory amounting to 45 million Euros.

In connection with the purchase of vines in Bulgaria, the stock in BCM and the Domaine Menada Bulgarie and BCM companies have contributed to a pledge in return for a loan of 7 million Euros.

All the tangible fixed assets belonging to Sobieski Trade, Destylarnia Sobieski, Destylarnia Polmos Krakow, Domain Menada Sp Zoo, Polmos Lancut and Sobieski Spolka were pledged following the grant of the FRNs.

d. Non-current financial assets

Amounts (Euros in thousands)	31/12/2005	Increases	Reductions	Change of scope	Exchange gains/losses	31/12/2006
Gross values						
Investment securities	1 840	577	(3)	(1 103)	(13)	1 298
Investments receivable	1 203		(879)		(19)	305
Other fixed securities				58		58
Other fixed financial assets	5 767	26 814	(451)	352	(55)	32 427
Advance, Marie Brizard	20 863		(20 863)			
Total	29 673	27 391	(22 196)	(693)	(87)	34 088
Provisions for depreciation						
Investment securities	(564)			162	4	(398)
Investments receivable	(264)			5	19	(240)
Other fixed securities		(5)		(12)		(17)
Other fixed financial assets	(3 592)			(110)	57	(3 645)
Advance, Marie Brizard						
Total	(4 420)	(5)		45	80	(4 300)
Net values						
Investment securities	1 276	577	(3)	(941)	(9)	900
Investments receivable	939		(879)	5		65
Other fixed securities		(5)		46		41
Other fixed financial assets	2 175	26 814	(451)	242	2	28 782
Advance, Marie Brizard	20 863		(20 863)			
Total	25 253	27 386	(22 196)	(648)	(7)	29 788

The fair value of unconsolidated stakes is equivalent to the net book value.

In connection with the FRNs, the following holdings were pledged:

- Marie Brizard et Roger International
- Belvedere Sa
- Les Chais Beaucairois
- Cognac Gauthier
- William Pitters International
- Wytwornia Drozdzy
- Sobieski Trade
- Destylarnia Sobieski Sa
- Polmos Krakow

- Polmos Lancut
- Sobieski Spolka

Finally, the shares in BCM were pledged to a banking establishment in connection with its Bulgarian financing.

e. Holdings in affiliated companies

Amounts (Euros in thousands)	Contribution to shareholders' equity	Contribution to earnings	% of interest	Comments
CINOCCO SA (Belgium)	1 853	564	25,05%	Dormant since 1996
DISTILLERIES FRANCAISES SAS	704	20	100%	
Total	2 557	584		

f. Inventory

Amounts (Euros in thousands)	31/12/2005	Change	Restatement	Change of scope	Exchange gains/losses	31/12/2006
Gross values						
Raw materials	10 766	1 881		23 202	75	35 924
Work in progress	4 161	(1 870)		449	2	2 742
Intermediate & finished products	18 448	(1 778)		19 299	96	36 065
Goods for sale	9 907	(1 607)	145	17 970	(55)	26 360
Total	43 282	(3 374)	145	60 920	118	101 091
Provisions for depreciation						
Raw materials	(524)	(160)		(1 460)	(3)	(2 147)
Work in progress		4		(12)		(8)
Intermediate & finished products	(147)	(54)		(1 089)	(10)	(1 300)
Goods for sale	(1 076)	288		(496)	(2)	(1 286)
Total	(1 747)	78		(3 057)	(15)	(4 741)
Net values						
Raw materials	10 242	1 721		21 742	72	33 777
Work in progress	4 161	(1 866)		437	2	2 734
Intermediate & finished products	18 301	(1 832)		18 210	86	34 765
Goods for sale	8 831	(1 319)	145	17 474	(57)	25 074
Total	41 535	(3 296)	145	57 863	103	96 350

The inventory is depreciated when its recoverable value becomes less than its book value.

g. Other current assets

Amounts (Euros in thousands)	31/12/2006	31/12/2005
Gross values		
Social security & income tax receivable	3 827	809
Other receivable	17 960	8 064
Deferred charges	11 474	2 927
Other accounts receivable	1 489	135
Total	34 750	11 935
Depreciations		
Advances & deposits on orders	137	
Social security & income tax receivable	114	97
Other accounts receivable	3 261	883
Total	3 512	980
Net values		
Advances & deposits on orders	3 690	809
Social security & income tax receivable	17 846	7 967
Other accounts receivable	8 213	2 044
Deferred charges	1 489	135
Total	31 238	10 955

h. Other current financial assets , cash and cash equivalents

The Group holds a contract of 25,000 k€ in Euros, classified as "Other current financial assets" as at 31 December 2006. As at 30 June 2006, the Group held the same contract, which was classified as "Cash and cash equivalents". The analysis which was conducted of this contract following instructions given by the AMF required this contract to be moved to "Other current financial assets". This contract was classified in "financial assets at fair value by result", the gain made by this contract at the end of the fiscal year is accordingly still posted in the profit and loss account.

Amounts (Euros in thousands)	31/12/2006	31/12/2005
Investment securities	74 968	13 649
Cash	20 045	43 649
Cash credits	(50 161)	(57 120)
Cash-Flow statement	44 852	178

i. Assets held with a view to selling

Amounts (Euros in thousands)	31/12/2005	Increases	Reductions	Change of scope	31/12/2006
Assets held for sale by William Pitters			(601)	2 265	1 664
Total			(601)	2 265	1 664

j. Composition of the authorized capital

Amounts (Euros in thousands)	31/12/2005	Increases	Reductions	31/12/2006
Share capital	4 074	946		5 020
Number of shares	2 036 766	473 098		2 509 864
Par value	2	2		2
Self-owned shares				
Number of shares	50 967	69 189	(37 743)	82 413

Pursuant to IAS 32, Belvedere SA's shareholders' equity was increased on 31 December 2006 by 15,434 k€ with a consequent reduction of the consolidated reserves.

k. Employee benefits

Except for the terminal grants described below, employees do not enjoy defined cover or benefits.

i. Terminal grants

Provisions (see note 1.2.8) for pensions and retirement have been calculated according to the actuarial method (actualizing rate used between 2% and 5%). The assumptions made for valuing commitments are based on mortality, personnel turnover and future salary projections according to the economic conditions peculiar to each country.

Actuarial differences are posted in full to profit and loss.

ii. Payment in shares:

Given the granting period and the vesting period requirements, IFRS 2 does not apply to the Group's existing stock option plans as at 31 December 2006.

As at 31 December 2006, all Belvedere's share subscription options (1 share per option) were exercised, including 5,079 options for which exercising at a weighted average price of 14.64 € per share was ordered by the Board of Directors in January 2007. No options are held by persons not employed by the Group. A summary is given below of all the share subscription option plans valid as at 31 December 2006:

	Shares with a par value of €2	Average exercise price (in Euros)
Number of options not yet exercised at 31/12/2005	7 792	14,64
Options adjusted	404	14,64
Options exercised	-8 196	13,47
Options cancelled		
Number of options not yet exercised at 31/12/2006		

I. Financial debts

i. Customer receivables

Amounts (Euros in thousands)	31/12/2006	31/12/2005
Gross values	167 865	100 396
Depreciations	(9 623)	(14 010)
Total	158 242	86 386

including 409 k€ of debts assigned pursuant to the factoring agreement as at 31 December 2006

Customer receivables are debts less than one year old.

ii. Long-term loans

Amounts (Euros in thousands)	31/12/2006	< 1 year	>1 year	31/12/2005
Bond loans	432 520		432 520	34 401
Loans and debt with credit institutions	26 438	2 122	24 316	17 506
Employee profit sharing	3 152	290	2 862	
Accrued interest on loans	11 338	6 388	4 950	
Total loans and financial debt	473 448	8 800	464 648	51 907

The issue expenses borne for the 2006 OBSARs and the FRNs were borne in full by a reduction of the financial liabilities amounting to 24.69 M€ and are amortized and posted to the line item "Cost of financial indebtedness" according to the TIE method.

April 2006 OBSARs

In order to finance in part the purchase of Marie Brizard, Belvedere issued on 11 April 2006 OBSARs for a total amount of 160M€ with a preferential subscription right maintained (96,970 OBSARs issued at par for 1,650€ corresponding to the value of the 'A Bonds': Subordinate bonds detached from OBSARs). The term of the loan is 8 years from 11 April 2006.

15 BSARs are attached to each A bond. 1 BSAR gives an entitlement to receive 1 new or existing share. Their exercise price was set at 165€ They are exercisable between 14 April 2006 and 7 April 2014.

The A bonds bear interest at a rate of 7.692% per annum, payable annually by delivery of a non-interest bearing B bond with a face value of 126.923€ At any time, a holder of a non-interest bearing B bond can, against delivery to Belvedere SA of 13 non-interest bearing B bonds obtain a current A bond, fungible with the existing A bonds. The liquidity of non-interest bearing B bonds will be guaranteed by Belvedere SA and/or the CL Financial Group.

Belvedere SA was committed to repay by no later than 15 June 2006 any A bondholder which so requires it (as well as the attached BSARs) if the purchase of Marie Brizard is not completed before 15 May 2006. This purchase occurred on 13 April 2006.

In accordance with the accounting principles adopted for the OBSARs issued in December 2004, the OBSARs issued in April 2006 included a compulsory component, a component tied to the potential BSARs redemption obligation (for a total value of OBSARs of 1,650€) and a residual equity component.

The Bond component is analyzed as a debt instrument being characterized by the existence of a contractual obligation borne by the issuer, to deliver to the bearer of the financial instrument cash or other financial assets. This component was valued initially at the fair value and later it was valued at the amortized cost depending on the actual interest rate. The value of the bond component was calculated from Belvedere's refinancing cost. This was set at 78.5 M€ net of issue expenses and net of accrued interest.

The component tied to the BSARs redemption obligation was an equity option sale and was posted, pursuant to IAS 32, as equity for the maximum amount of the cash outflow on the exercise date, i.e. 13 April 2006. If the price paid in the event of BSARs redemption was an all-up amount of 1,650€ per BSAR, then the book value of the equity sale is equal to the difference between 1,650€ per OBSAR and the bare value of the bond on 13 April 2006, the component being determined pursuant to the provisions of IAS 32, by the difference with the revenue from the issue after allocation of the bond component and that tied to redemption of the BSARs. The value recorded originally in shareholders' equity will not be revalued over the term of the BSAR. In the event that the latter is exercised, the cash received from the capital increase will be posted by equity counterparty.

The directly attributable loan issue expenses recorded were allocated pro rata to the debt and equity components according to their initial value. The diluent effect of the OBSAR is incorporated in the calculation of the diluted earnings per share.

The debt component of the loan issue expenses of 3,690 k€ is included in the TIE calculation.

As at the end of December 2006, the group is compliant with its financial covenants under the 2006 OBSARs, as well as the FRNs.

iii. Short-term borrowings

Amounts (Euros in thousands)	31/12/2006	< 1 year	31/12/2005
Bond loans			
Other bond loans			
Cash credits	50 161	50 161	57 120
Current account			20 863
Total loans and financial debt	50 161	50 161	77 983

iv. Interest rate risk

The Group's gross financial indebtedness was 523.6 M€ on 31 December 2006 and the net financial indebtedness 428.6 M€ taking into account the 95.0 M€ of cash held by the Group. The majority of the indebtedness is at variable rates (EURIBOR – WIBOR). Sensitivity analysis: a variation of 1% in the short term rate would have an impact of 11% on the Group's gross financial expenses proforma tied to the indebtedness.

v. Derivative instruments

Derivative instruments consist of:

- Forward purchase agreements of 1.6 M€ deferrable with notice. The objective of these agreements is to hedge payments made in Euros by the Polish subsidiaries to Bulgarian suppliers. Given the lack of documentation and the absence of monitoring of the revaluation of the fair value on each date for using the agreements, the variation of fair value was posted to financial profit and loss.

The financial statements for fiscal year 2005 accordingly include a loss of 1,462 k€ and financial statements as at 31 December 2006 a profit of 255 k€

- MBRI has kept the interest rate hedging agreements taken out while financing the acquisition of William Pitters International in March 2005.

Type of hedge (Euros, in thousands)	Debt hedged	Initial amount	Maturity	Terms & conditions of realisation
Collar	Amortisable debt of €80 million	40 000	3 years	Cap 2.56%, Floor 1.90%, Activation 2.25%
Futuro lock-in cap	Amortisable debt of €80 million	28 000	5 years	Cap 2.86%, Floor 0, Activation 4%
Swap	Amortisable debt of €80 million	10 500	5 years	Swap 2.63%
Euribor cap	Amortisable debt of €80 million	10 500	5 years	Cap 3.465%
Total		89 000		

The valuation difference on these hedgings on 31 December 2006 was 1,422 k€ and is recorded in profit and loss

The fair value of the rate hedging instruments is a market value supplied by the agents.

Liability derivatives of 79 k€ on 31 December 2006 (1,462 k€ on 31 December 2005) are included in the heading "Other current liabilities" in the balance sheet. The fair value of the financial instruments was estimated at closing by the Company from information provided by the banks.

m. Short and long term provisions

i. Long-term provisions

Long term provisions consist of provisions for terminal grants on retirement (see note 3.k.i) and provisions maturing in more than one year.

Amounts (Euros in thousands)	31/12/2005	Allowances	Restatements	Reversals used	Change of scope	Exchange gains/losses	31/12/2006
Provisions for retirement obligations	1 658	62	(313)	1 167	2 248	14	4 836
Taxation provisions		1 524			538		2 062
Social security provisions		1 479			2 535		4 014
Other long-term provisions			(32)		212		180
Total	1 658	3 065	(345)	1 167	5 533	14	11 092

ii. Short-term provisions

Amounts (Euros in thousands)	31/12/2005	Allowances	Restatements	Reversals used	Change of scope	Exchange gains/losses	31/12/2006
Other provisions for risks & charges	4 499	69	(3 217)	(1 167)	112	11	307
Total	4 499	69	(3 217)	(1 167)	112	11	307

n. Other current liabilities

Amounts (Euros in thousands)	31/12/2006	< 1 year	1-5 years	31/12/2005
Social security & income tax payable	69 890	69 890		48 595
Other operating debts	8 227	8 227		4 829
Other debts	8 427	8 427		4 396
Grants	1 604	180	1 424	
Other short-term liabilities	88 148	86 724	1 424	57 820

o. Personnel expenses

Amounts (Euros in thousands)	31/12/06	31/12/05
Salaries	33 497	13 289
Social security charges	10 937	3 148
Total Payroll	44 434	16 437

p. Taxes and duties

Taxes and duties include excise duties in some foreign countries (principally in Poland) as well as other taxes and duties both inside and outside France. Excise duties in some foreign countries are considered by their nature as items constituting the purchase cost of the products and are accordingly not deducted from turnover.

Amounts (Euros in thousands)	31/12/06	31/12/05
Excise duties	360 513	355 376
Other income tax and taxes	7 222	3 599
Total income tax and taxes	367 735	358 975

Bonds received

Bonds received for each of the companies in MBRI to the Customs for an unlimited amount to cover excise duty on alcohol.

Bonds received for Marie Brizard España given to the Tax Office and the Spanish Customs for royalties and payments of excise duties for a total sum of 2,075 k€

Bankers' bonds and counter-guarantees given to the Group's Bulgarian and Hungarian companies in Bulgaria, with the Customs for maximum amounts of 220 k€ and 50 k€ respectively.

q. Other operating income and expenses

Amounts (Euros in thousands)	31/12/2006	31/12/2005
Other operating income	3 676	4 178
Other operating income	2 735	2 317
Other non-recurrent income	941	1 861
Reversal of provisions for risks & charges	6 055	93
Income from disposal of fixed assets	1 690	38
Income from disposal of bonds	1 644	
Income from disposal of fixed assets	527	
Reversal of provisions for risks & charges	2 194	55
Depreciation write-offs	678	
Total other operating income	10 409	4 271
Other operating charges	(2 769)	(1 187)
Other operating charges	(356)	
Allowances for provisions for risks & charges	(2 413)	(1 187)
Other non-recurrent charges	(5 358)	
Non-recurrent charges on management operations	(3 771)	
Net book value of asset disposals	(1 514)	
Reversal of provisions for risks & charges	(50)	
Other non-recurrent charges	(23)	
Total other operating charges	(8 127)	(1 187)

r. Other operating income and expenses

Amounts (Euros in thousands)	31/12/06	31/12/05
Transaction & re-structuring costs	(2 473)	
Euroverriere dispute		(2 232)
Impairment test on plant, property & equipment		(385)
Net charges on Belvedere Slovensko		(231)
Total other operating income & charges	(2 473)	(2 848)

s. Financial result

Amounts (Euros in thousands)	31/12/06	31/12/05
Cash & cash equivalents	3 876	2 209
Reconstitution of the bond loan		(2 718)
Interest and assimilated charges	(31 230)	(5 427)
Cost of financial debt	(27 354)	(5 936)
Net exchange gain	1 051	565
Reversal of provision & amortisation	429	7
Capital gain on sale of marketable securities	7 481	
Other	280	
Other financial incomes	9 241	572
Net exchange loss	(1 075)	(2 223)
Capital gain on sale of marketable securities	(2 458)	(156)
Net exchange loss	(752)	
Other financial charges	(4 285)	(2 379)
Total other financial income & charges	4 956	(1 807)
Financial earnings	(22 398)	(7 743)

t. Corporation tax

Amounts (Euros in thousands)	31/12/2006	31/12/2005
Income tax payable	(9 540)	2 980
Deferred tax charges (income)	2 767	957
Income tax	(6 773)	3 937

Amounts (Euros in thousands)	31/12/2006	31/12/2005	Change
Deferred tax assets	5 686	479	5 207
Deferred tax liabilities	108 743	2 391	106 352

Income tax breakdown	31/12/2006	31/12/2005
Consolidated net earnings	13 026	(1 979)
Share attributable to companies consolidated under the equity method	374	
Goodwill depreciation		(4)
Net earnings attributable to consolidated companies before goodwill depreciation	12 652	(1 975)
Income tax (1)	(6 773)	(3 937)
Pre-tax net earnings	19 425	1 962
<theoretical income tax at the effective rate of 33.33%> (2)	(6 475)	(654)
Income tax variance (1) - (2)	(298)	(3 283)

Analysis of this income tax variance	31/12/2006	31/12/2005
Income tax related to permanent changes	(210)	(1 145)
Potential deferred taxes not yet activated	71	(306)
Income tax adjustments	(949)	(490)
Use of tax loss carry forwards during the year	157	27
Losses not yet activated	(1 064)	(2 562)
Variance of taxation rates applied to restatements	(23)	
Income tax on earnings of French companies at different rates	(113)	
Income tax on earnings of foreign companies at different rates	1 833	1 193
Total	(298)	(3 283)

u. Average headcount

The average headcount employed by the consolidated companies breaks down as follows:

Number of persons	31/12/2006	31/12/2005
Executives	463	112
Non-executive employees	2 770	1 853
Total	3 233	1 965

The Group is committed to maintaining employment for Vinimpex for three years following its acquisition in 2003. This commitment ceased at the end of December 2006.

4. Other information

a. Events post-closure

The Group took over the minority stake in Destylarnia Sobieski (Polmos Starogard) from the Polish Government on 14 February 2007.

Imperial Brands Inc, a recently created and fully owned subsidiary of Belvedere S.A., acquired on 1 April 2007 the American assets of Florida Distillers Company from its shareholder, Cruzan International.

b. Cash flow statement (IAS 7)

The net cash flow shown on the consolidated cash flow statement corresponds to the net cash received from the companies' operations, excluding that originating in variations of the working capital requirement and deferred taxes.

Reconciliation of cash with the cash flow statement

Amounts (Euros in thousands)	31/12/2006	31/12/2005
Investment securities	74 968	13 649
Cash	20 045	43 649
Cash credits	(50 161)	(57 120)
Cash-Flow statement	44 852	178

c. Directors' remuneration

The gross amount allotted during the fiscal year to all members of the Board for carrying on their functions was 246 k€

d. Relations with related parties

Transactions with related parties concern:

- normal trading,
- invoicing royalties on the licensed trademarks,
- loans to related parties
- sales of financial instruments

The Group also has transactions with those of its shareholding executives who own over 5% of the shareholder's equity or the voting rights, i.e. Jacques Rouvroy and Christophe Trylinski.

Said transactions regard the compensation of these executives and reimbursement of their business expenses against documentation.

e. Segment reporting

Pursuant to the IAS 14 standard, segment information is provided in the following way:

- The primary level is the geographic sector, with a presentation by country.

The segment reporting for the current operating result and the assets is currently under consideration and could change on 31/12/2006. On 31/12/2006, the contribution from Marie Brizard was allocated to France, Spain and to Other Countries.

- The secondary level corresponds to the activity segments, which form two categories of revenues: Vodka and spirits, wines and other alcoholic beverages and the distribution of non-Group products.

i. Breakdown of turnover

By geographic sectors:

Amounts (Euros in thousands)	31/12/2006	31/12/2005
Vodka & Spirits	567 474	455 137
Wines & other alcohols	154 271	47 209
Non-alcoholic beverages	49 475	
Distribution of non-Group products	40 144	
Other	7 959	
Total	819 323	502 346

By activity sectors :

Amounts (Euros in thousands)	31/12/2006	31/12/2005
Western Europe	268 944	524
Poland	469 254	435 738
Lithuania	59 626	41 770
Bulgaria	14 329	11 647
Other countries	7 170	12 667
Total	819 323	502 346

ii. Breakdown of the current operating result

By country:

Amounts (Euros in thousands)	31/12/2006	31/12/2005
Western Europe	28 511	(3 679)
Poland	14 445	13 872
Lithuania	3 577	1 820
Bulgaria	(93)	(379)
Other countries	(2 145)	916
Total	44 296	12 549

By activity sectors:

Amounts (Euros in thousands)	31/12/2006	31/12/2005
Vodka & Spirits	35 272	11 889
Wines & other alcohols	2 103	660
Non-alcoholic beverages	10 786	
Distribution of non-Group products	347	
Head office & other	(4 212)	
Total	44 296	12 549

iii. Breakdown of significant line items in the balance sheet

By country:

Amounts (Euros in thousands)	Year 31/12/2006					
	Intangible fixed assets	Plant, property & equipment	Other non-current financial assets	Inventory	Total	Western Europe
Poland	298 283	48 328	29 748	85 825	42 363	504 547
Bulgaria	16 035	27 300	26	56 376	31 813	131 550
Lithuania	1 301	12 549	8	4 243	13 943	32 044
Other countries	61	6 617		7 943	3 274	17 895
Total	87	309	6	3 855	4 957	9 214
Per geographical area:	315 767	95 103	29 788	158 242	96 350	695 250

Amounts (Euros in thousands)	Exercice 31/12/2005					
	Intangible fixed assets	Plant, property & equipment	Other non-current financial assets	Inventory	Trade receivable	Total
Poland	16 057	24 292	27	70 027	22 806	133 209
Lithuania	84	5 813	8	7 128	2 259	15 292
Bulgaria	1 302	10 612	519	3 011	11 992	27 436
Western Europe	682	109	24 227	3 435	454	28 907
Other countries	27	1 495	473	2 785	4 027	8 807
Total	18 152	42 321	25 254	86 386	41 538	213 651

By activity sectors:

Intangible fixed assets	Year 31/12/2006					
	Plant, property & equipment	Other non-current financial assets	Trade receivable & related accounts	Trade receivable & related accounts	Inventory	Total
Vodka & Spirits	80 643	67 886	29 422	96 243	46 343	320 537
Wines & other alcohols	84 410	22 470	8	44 402	35 736	187 026
Non-alcoholic beverages	150 714	4 285		7 621	5 536	168 156
Not affected		462	358	9 976	8 735	19 531
Total	315 767	95 103	29 788	158 242	96 350	695 250

Amounts (Euros in thousands)	Exercice 31/12/2005					
	Intangible fixed assets	Plant, property & equipment	Other non-current financial assets	Trade receivable	Inventory	Total
Vodka & Spirits	16 831	30 985	24 500	78 522	26 488	177 326
Wines & other alcohols	1 321	11 336	754	7 864	15 050	36 325
Non-alcoholic beverages						
Other						
Total	18 152	42 321	25 254	86 386	41 538	213 651

**II. AUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE 12 MONTH PERIOD ENDED DECEMBER 31, 2006
AND 2005**

The consolidated pro forma financial statements below were prepared according to IFRS accounting principles, at the same time applying restatements to the consolidated historic accounts of Marie Brizard & Roger International SA ("Marie Brizard" or "MBRI") and Belvedere. These pro forma financial statements suppose that the Marie Brizard purchase occurred on 1st January 2005. To achieve this, we have assumed that all the impacts on the consolidated balance sheet and profit and loss account resulting from this purchase occurred at the start of 2005.

Proforma consolidated balance sheet

Assets (€in millions)	31/12/2006 12 months Pro-forma	Liabilities (€in millions)	31/12/2006 12 months Pro-forma
Goodwill	168,2	Share capital	5
Intangible fixed assets	315,8	Premiums	124,3
Plant, property & equipment	95,1	Reserves	3,4
Non-current financial assets	29,8	Consolidated earnings	14,4
Equity interests in associated businesses	2,6	Shareholders' equity (Group share)	147,2
Deferred tax assets	5,7	Minority interests	11,1
Other non-current assets	0	Total shareholders' equity	158,2
Non-current assets	617,1	Long-term provisions	9,8
Inventory & work in progress	95,2	Long-term borrowings: more than one year	464,6
Trade receivable	158,2	Non-current tax liabilities	107,3
Other current assets	31,2	Non-current liabilities	581,8
Derivatives	1,7	Short-term provisions	0,3
Assets held for sale	1,7	Long-term borrowings: less than one year	8,8
Cash & cash equivalents	98,1	Short-term borrowings	54,1
		Trade payable & related accounts	111,8
		Derivatives	0,1
		Other current liabilities	88,1
Current assets	386,1	Current liabilities	263,2
Total assets	1 003,2	Total liabilities	1 003,2

Proforma consolidated profit and loss account

Income statement (Euros, in millions)	31/12/2006 12 months Pro-forma	31/12/2005 12 months Pro-forma
Sales	889,8	836,4
Other income on activities	0,2	0,3
Consumed purchases	(310,7)	(269,9)
Payroll	(51,9)	(48,7)
External charges	(97,7)	(101,5)
Income tax and taxes	(368,8)	(363,5)
Amortisation	(12,4)	(9,6)
Provisions – allowances & reversals	(1,0)	(1,1)
Operating earnings on ordinary activities	3,2	2,5
Other operating income & charges	50,7	45,0
Other operating income & charges	(1,2)	(10,6)
Operating earnings	49,6	34,3
Cash & cash equivalents	7,3	5,7
Cost of gross financial debt	(39,9)	(38,2)
Cost of net financial debt	(32,6)	(32,5)
Other financial income	5,5	(0,8)
Other financial charges		
Pre-tax earnings	22,5	1,1
Income tax payable	(7,7)	(5,0)
Share of net earnings attributable to companies consolidated under the equity method	0,6	0,2
Net earnings before earnings of activities either ceased or in the process of being ceased	15,4	(3,7)
Earnings net of income tax on activities either ceased or in the process of being ceased	0,0	0,0
Earnings	15,4	(3,7)
Earnings – share attributable to minority interests	0,9	1,0
Earnings – group share	14,4	(4,7)

Main assumptions

The main assumptions made for preparing these pro forma financial statements are as follows:

- purchase of the Marie Brizard stock on 1st January 2005;
- inclusion of the various financing items obtained for this purchase on 1st January 2005 (FRN, OBSAR 2006, conversion of bonds, etc.);
- redemption of the 2004 OBSAR on 1st January 2005;
- the net result generated by Marie Brizard during the first quarter of 2006 is assumed to have as consideration in the balance sheet a cash variation over the period of the same amount.

The additional adjustments below are related to the first consolidation of Marie Brizard in Belvedere S.A.:

- cancellation of the adjustment to the fair value of the Marie Brizard inventory over the second quarter 2006 and the second half 2006,
- the pro forma consolidation of William Pitters International (WPI) over January and February 2005 although its actual purchase and consolidation date from March 2005.

Pursuant to the CESR recommendations of February 2005, repeated in the AMF's general rules, a transaction is a significant modification of the gross values as soon as at least one of these size indicators is greater than 25%: total asset value, turnover, result. The purchase of the Polish distributors is not included in the proforma financial statements as the financial aggregate most impacted is the turnover, with an impact below the material threshold of 25% of total Group sales before their purchase.

The above adjustments, needed to present the proforma consolidated financial statements, were made in a way the Company's management deemed reasonable and based on the available information and assumptions that were believed to be reasonable. These financial statements are presented for information only and their purpose is not to present the results which would have been obtained if the operations had occurred on the dates given above.

III. MAJOR FACTS AND MATERIAL RECENT DEVELOPMENTS

2006 was quite an exceptional year for the Belvédère Group, especially in terms of external growth.

Acquisition of Marie Brizard & Roger International

Initiated in late December 2005, the acquisition of 100% of Marie Brizard & Roger International's share capital was concluded in July 2006. The main phases of this acquisition were:

- April 2006, acquisition of Duke Street Capital 2, owner of 69.3% of Marie Brizard & Roger International's share capital, representing €13.4 million, making a price of €41 per Marie Brizard share.
- May 2006, simplified takeover bid launched on the remaining shares at a price of €41 per share. Upon completion of this operation, our company owned more than 98.6% of Marie Brizard & Roger International's share capital and voting rights.
- July 2006, squeeze-out launched on the remaining shares followed by a mandatory squeeze-out operation.

In order to complete this acquisition along with other investments of strategic importance to the Group, our company established the following means of financing:

- April 2006: OBSAR 2006 Eurobond issue in the amount of €60 million, due 2014.
- May 2006: issue of Secured Floating Rate Notes in the amount of €375 million.
- 30 June 2006, non-retroactive absorption of Duke Street Capital France 2 by Belvédère SA. The recording of this transaction resulted in a technical loss of €36 million.

Acquisition of Danzka

Within the scope of its strategy involving international growth and an increase in the price of certain brands, the Belvédère Group acquired the vodka brand Danzka from the Swedish group V&S. With over 170,000 crates sold in 2005, this premium Danish vodka represents the fourth largest volume of vodka sales in duty-free stores across the globe. Thanks to this acquisition, Belvédère is able to:

- include internationally renowned, premium Polish and Russian vodkas in its Northern Europe catalogue that will be distributed via Belvédère and Marie Brizard.
- open the international network of duty-free stores to its international brands via Belvédère Scandinavia, a fully-owned subsidiary created for this purpose in August 2006.

Acquisition of Polish distributors

In line with its strategy of becoming one of the main players in terms of beverage distribution in Poland within the traditional retail networks (almost 80% of the overall market), the Belvédère Group has acquired three distributors: TMT, Rokicki and Wawrzyniak. This branch of activity represents approximately €100 million in sales for a full year.

VI. OPERATING AND FINANCIAL REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS

Summary

Consolidated actual

In K Euros	2006 Actual	2005 Actual	Variation
Revenues	819 323	502 346	63%
Sales net of duties and taxes	458 810	146 971	212%
EBITDA from ordinary activities	55 823	17 194	225%
<i>EBITDA margin</i>	<i>12,2%</i>	<i>11,7%</i>	
Operating result from ordinary activities	44 296	12 549	253%
Operating result	41 823	9 701	331%
Net result Group share	12 103	-2 965	n.s.

The figures presented are based on IFRS standards.

As compared to the previous year, the significant increase of the various items recorded in the income statement is mainly due to the acquisition of Marie Brizard & Roger International.

- Sales have climbed more than 63% to reach €819 million and €459 million net of duties, representing an increase of 212%.
- EBITDA from ordinary activities stands at €56 million, making 12.2% of sales net of duties and tax (€17 million for the previous year, making 11.7% of sales net of duties and tax).
- Net earnings, Group share, show a profit of €12 million as compared to a loss of €3 million in 2005.

Proforma Consolidated

In K Euros	2006 Proforma	2005 Proforma	Variation
Revenues	889 787	836 422	6%
Sales net of duties and taxes	529 274	481 047	10%
EBITDA from ordinary activities	64 108	55 672	15%
<i>EBITDA margin</i>	<i>12,1%</i>	<i>11,6%</i>	
Operating result from ordinary activities	50 748	44 982	13%
Operating result	49 575	34 345	44%
Net result Group share	14 436	-4 697	n.s.

- Pro-forma sales for 2006 stand at €890 million and €529 million net of duties as compared to €481 million in 2005, making a 10% increase.

- The EBITDA from ordinary activities has reached €64 million, up 15% versus the previous year, representing over 12% of sales net of duties.
- Operating earnings from ordinary activities represent almost €1 million, making an increase of 13% as compared to the previous year (just under €45 million).
- The Group's net consolidated earnings show a profit of over €14 million as compared to a loss of almost €5 million for 2005.

Analysis based on geographical area

Poland - Total

In K Euros	2006 Actual	2005 Actual	Variation
Revenues	469 254	435 738	8%
Sales net of duties and taxes	147 635	107 651	37%
EBITDA from ordinary activities	18 899	17 278	9%
<i>EBITDA margin</i>	<i>12,8%</i>	<i>16,1%</i>	
Operating result from ordinary activities	14 445	13 872	4%

With regard to this existing market, on which the company's reputation relies heavily, our strategy revolves around three orientations:

- The pursuit of our value-creation strategy for our entire range of products. During the past year, this enabled us to significantly increase our average sale prices whilst maintaining our strong position on this market which represents a share of just under 30% in Poland in spite of a strongly competitive environment. The gross margin per bottle has risen to 4.5% for the past year. This performance is the result of a marketing and communications campaign that revitalised the market with the launch of new products, new packaging and an effective event planning communication.
- Our position in terms of distribution circuits has been further reinforced via the acquisition of local spirits wholesalers and distributors. This vertical integration should be completed by the end of 2007's first quarter. Upon completion of these transactions, the Group's network will cover all of Poland.
- The optimisation of our sales force, through a wider range of products sold alongside those from the Group's other structures (Marie Brizard, Vodka Danzka, etc.).

It is important to note the continuation of the plan to modernise or production tools (€7 million in 2006).

The structure of the income statement for this geographical area has been significantly altered due to the integration of distributors. Furthermore, the EBITDA of these distributors has been penalised for the past year ending due to charges incurred by the integration of these structures in the Belvédère Group. The anticipated synergies should bear their fruits as of 2007's second quarter.

Poland - Excluding distributors

In K Euros	2006 Actual	2005 Actual	Variation
Revenues	429 110	435 738	-2%
Sales net of duties and taxes	107 490	107 651	0%
EBITDA from ordinary activities	18 483	17 278	7%
<i>EBITDA margin</i>	<i>17,2%</i>	<i>16,1%</i>	
Operating result from ordinary activities	14 099	13 872	2%

After restatement of the impact of distributors acquired during the year, sales net of duties represent above €107 million which is stable compared to 2005. The EBITDA from ordinary activities however has reached €18.5 million, making 17% of sales and a climb of 7%.

Western Europe

In K Euros	2006 Actual	2005 Actual	Variation
Revenues	268 944	524	n.s.
Sales net of duties and taxes	268 944	524	n.s.
EBITDA from ordinary activities	32 858	-4 966	n.s.
<i>EBITDA margin</i>	<i>12,2%</i>	<i>n.s.</i>	
Operating result from ordinary activities	28 511	-3 679	n.s.

This statement globally summarises activities of the Marie Brizard structure acquired in 2006 in France and Spain. It also includes activities of the Belvédère Group's French holding and Scandinavian activities launched in 2006.

Sales net of duties and tax in the amount of €269 million only include Marie Brizard's activities as of 1 April 2006.

Analysis per sector of Marie Brizard's activity:

Spirits:

On the French market, performance for 2006 was good for all products in terms of volumes and margins, both of which climbed significantly. This development is mainly due to performance recorded on whiskey sales which have experienced a very dynamic market. Only modern spirits are marking time within the context of an aggressively competitive environment.

Globally for this Marie Brizard sector, sales volumes climbed almost 11% in 2006 as compared to the previous year and the gross margin has recorded an increase in excess of 9% as compared to 2005.

Wines:

For a volume almost identical to that of 2005, sales on this activity have dropped by almost 5%. This situation is the result of price tensions on certain markets, which affected exports in particular, and a continued decline of wine prices.

Non-alcoholic beverages

The change in the volumes sold for this entire sector of activity has yet again recorded an increase of almost 2% as compared to the previous year. Net sales have risen more than 5%.

Lithuania

In K Euros	2006 Actual	2005 Actual	Variation
Revenues	59 626	41 771	43%
Sales net of duties and taxes	20 737	14 487	43%
EBITDA from ordinary activities	4 571	2 236	104%
<i>EBITDA margin</i>	22,0%	15,4%	
Operating result from ordinary activities	3 577	1 820	97%

Activities of the Belvédère Group in Lithuania recorded strong growth in 2006 with sales up 43%. This performance is the result of an effective marketing model and sales methods put in place by the Group for this market over the past few years. This liveliness stems from the success of the Sobieski vodka and its range of flavoured vodkas (mandarin, cranberry, apple, cherry, etc.).

Within this context of spectacular organic growth, sales net of duties stand at almost €21 million, versus €14 million for the previous year.

The EBITDA from ordinary activities has climbed significantly, up 104% on the previous year at €4.5 million, making 22% of sales.

Operating earnings for 2006, in excess of €3.5 million, have almost doubled compared to 2005.

Bulgaria

In K Euros	2006 Actual	2005 Actual	Variation
Revenues	14 329	11 647	23%
Sales net of duties and taxes	14 329	11 642	23%
EBITDA from ordinary activities	1 388	829	67%
<i>EBITDA margin</i>	9,7%	7,1%	
Operating result from ordinary activities	-93	-379	76%

Throughout 2006, the Group remained a key player on the wine and spirits market in this country with sales up 23% in terms of value. Sales net of tax are in excess of €14 million, placing the Group in second position according to the Bulgarian society of wine and spirit distributors. In light of specific investments made, the Group's strategy within this geographical area will unfold over a mid-term horizon.

Regarding export markets, Belvedere is the number one exporter of Bulgarian and Polish wines with almost 1.1 million crates sold in 2006. Exports by companies not included in the Group have also risen and represent over half a million crates.

The vineyard expansion plan will continue throughout 2007 with 300 hectares of vines to be planted by the end of the year. This will bring the Group's vineyards to a total of almost 500 hectares. This investment should significantly reduce cost prices in the mid-term.

EBITDA from ordinary activities for 2006 in the amount of €1.4 million represent above 9% of sales.

Other countries

In K Euros	2006 Actual	2005 Actual	Variation
Revenues	7 171	12 666	n.s.
Sales net of duties and taxes	7 166	12 666	n.s.
EBITDA from ordinary activities	-1 893	1 816	n.s.
<i>EBITDA margin</i>	<i>-26,4%</i>	<i>14,3%</i>	
Operating result from ordinary activities	-2 145	916	n.s.

This includes all other Belvédère establishments: mainly in Russia but also in the Czech Republic, Slovakia and China.

Russia

The Russian wine and spirits market was extremely volatile throughout 2006, a year during which the Russian government introduced a new policy affecting duties and taxes for all alcoholic beverages. As a consequence of these new regulations, the general consensus is that half of the market's local players no longer exist and have ceased their activities.

Under these circumstances, sales of the Group's subsidiaries have recorded a drop of more than 50%, making €4 million for 2006, as well as a significant decrease in earnings which show a loss of €1.7 million.

The Group concluded an agreement for the buyback of any minority interests (45%) owned by shareholders which will come into effect at the end of 2007's first quarter. Under the agreement, the Group will be in a position to launch some ambitious strategies within this geographical area especially with regard to the Youri Dolgorouki premium vodka trademark.

Group's net indebtedness

(Euros, in thousands)	Short-term	Long-term	Total
Financial debt	58 961	464 648	523 609
Cash and cash equivalents	95 012		95 012
Net financial debt			428 597
Investments above 3-month term			25 919
Treasury shares			15 477
Financial debt net of cash investments and treasury shares			387 201

The Group's gross indebtedness is €23.6 million at 31 December 2006 and indebtedness net of cash and cash equivalents stands at €28.6 million. After deduction of investments to mature in more than 3 months and the Group's self-owned shares, net indebtedness stands at €87.2 million.

Financial debt is equivalent to 5.65 times proforma 2006 EBITDA as of the end of Dec-06 and net financial debt to 3.91 times proforma 2006 EBITDA. Proforma EBITDA is equivalent to 2.59 times financial charge.

V. FINANCIAL RATIOS

name	formula	Consolidated Financial Ratios (in €millions unless indicated otherwise)	Last 12 months proforma	FRN issuance costs	Non cash OBSAR interests and shareholders loans	Prepaid cash expenses paid in prior periods	Non cash expenses for future cash expenses (6)	Last 12 months adjusted proforma
CONSOLIDATED EBITDA as per EBITDA definition of the Indenture								
a		Net income (loss)	15,36					15,36
b		Extraordinary loss and net loss from any Asset Sale (1)	1,17					1,17
c		Net income tax charge (revenue)	7,69					7,69
Fixed Charge								
D1		Total gross interest charge (2)	39,92					39,92
D2		Associated hedging payments made or received	0,00					0,00
D3		Interests on debt of 3rd parties guaranteed or secured by the Group	0,00					0,00
d4		Dividends on redeemable preferred shares	0,00					0,00
T		Local tax rate on preferred dividend payments						
D4	$d4 \times 1/(1 - T)$	Gross dividends on redeemable preferred shares	0,00					0,00
d	$D1+D2+D3+D4$	Total Fixed Charge	39,92					39,92
e		Depreciation and amortisation and other non cash expenses	13,36					13,36
f		Other non cash non ordinary revenues (3)	-0,90					-0,90
g	$a+b+c+d+e-f+o$	EBITDA	78,39					78,39
SENIOR CONSOLIDATED LEVERAGE RATIO								
h		Senior Consolidated Leverage (4)						443,29
g		LTM Adjusted consolidated EBITDA						78,39
i	h/g	Senior Consolidated Leverage Ratio (x)						5,65
j		Cash & cash equivalents (5)						136,41
k	$h - j$	Senior Consolidated Leverage net of cash & cash equivalents						306,88
g		LTM Adjusted consolidated EBITDA						78,39
l	k/g	Net Senior Consolidated Leverage Ratio (x)						3,91
FIXED CHARGE COVERAGE RATIO								
g		LTM adjusted consolidated EBITDA						78,39
m		Adjusted Fixed Charge	39,92	-3,50	-6,13			30,29
n	g/m	Fixed Charge Coverage Ratio (x)						2,59

Notes: The ratios above are calculated proforma to exclude assets sold or acquired as of the beginning of the period and the associated financing in place from the beginning of the period.

(1) Covers exceptional charges of MBRI over the period.

(2) including (i) on capital leases, (ii) cash or not, (iii) paid or accrued and (iv) amortisation of associated issuance fees

(3) Non cash profits associated to the revaluation of MBRI hedging instruments

(4) Excluding principal and accrued interests under the OBSAR

(5) Includes cash, cash equivalents and treasury stocks

(6) Provision for retirement indemnities