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2014 FINANCIAL REPORT

« Société anonyme à conseil d'administration » with a capital of €52,973,242
Headquarter: 7, quai de la Paix – 30300 BEAUCAIRE
380 695 213 R.C.S. NIMES

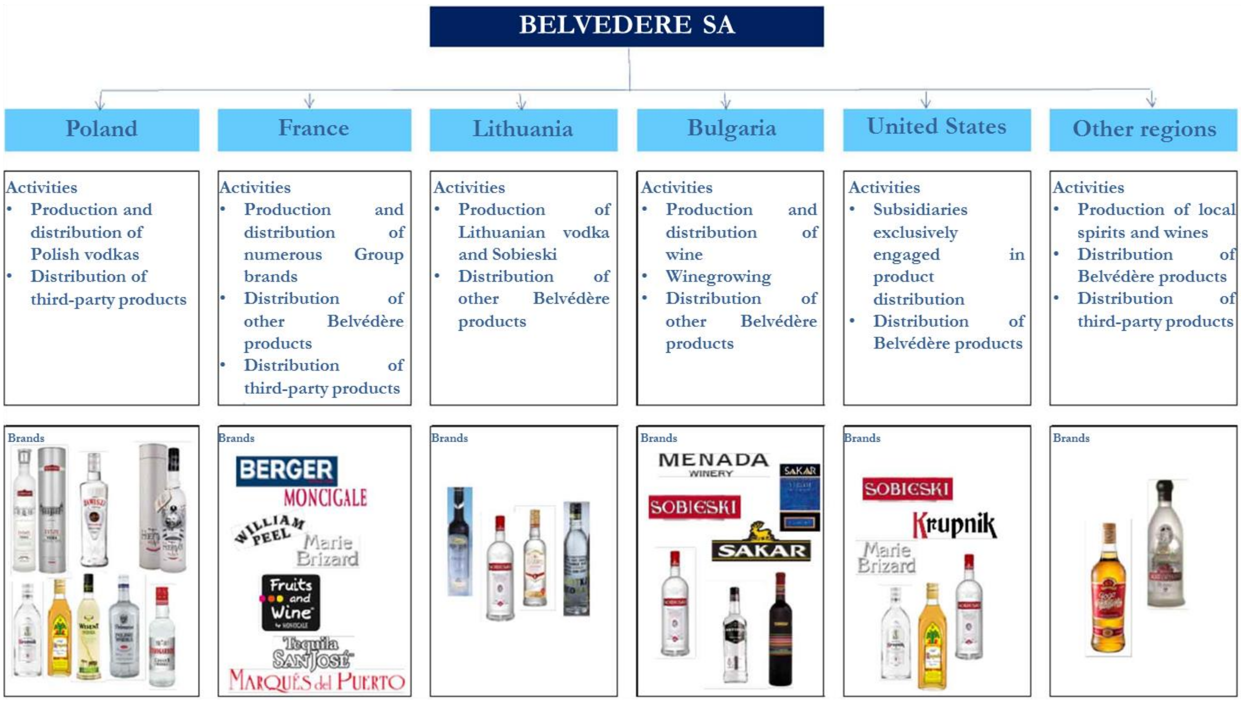
In this document, « **Company** » or « **BELVEDERE** » refer to the company BELVEDERE, and « **Group** » refers to the Group of companies' composed of the Company and its subsidiaries.

1. MANAGEMENT REPORT FOR 2014

1.1 Activities and events of 2014

1.1.1 Evolution of Group's activities in 2014

As a reminder, the Group is an international player in the alcoholic drinks sector: marketing and distributing wines and spirits, primarily in Poland, the United States, and France.



The vodka business

The production and marketing of vodka is one of the Group's main business activities.

Main products

KRUPNIK

Krupnik, which is made from cereals, honeyed buckwheat and various herbs, is a traditional liqueur that has become widespread in Poland and Lithuania since 2010. Krupnik is also sold in many other countries including the United States, Canada, Australia, the United Kingdom, and Germany.

SOBIESKI

Sobieski is distilled from Dankowki rye, and is a fine vodka that is available in a range of versions (traditional Sobieski, Sobieski Estates, Sobieski Flavored, and Sobieski Impress). Sobieski is sold in over 50 countries, reaching for example a 11,9% market share in France in 2014.

STAROGARDZKA

Starogardzka, a local traditional vodka, is the Group's third most important brand and is sold in a number of formats, including flavoured vodkas. Starogardzka, which is primarily sold in Poland, is also available in China, Ireland, Austria, Turkey, Sweden and Slovenia.

KRAKOWSKA

Krakowska, which has featured a new design since 2009, has been selected to strengthen the Group's less expensive vodka range. This vodka is available in Poland and Greece.

POLONAISE

La Polonaise is a traditional vodka, with a new bottle design introduced in 2009. This vodka is also available in a flavoured version. La Polonaise is available in Poland, France, Turkey and Austria.

BALSAM POMORSKI

Balsam Pomorski, which was created in 2004, is a sophisticated vodka made from tender oranges and green walnuts. This vodka is available in a flavoured version. Balsam Pomorski is only available in Poland and the bottle design was updated in 2011.

BAJORU

Bajoru is a light Lithuanian vodka, which is also available in an upmarket flavoured version known as Bajoru Klasikine.

ZAWISZA

Zawisza, which is distilled five times and undergoes a rigorous quality control process that guarantees both its taste and its clarity, is a clear vodka made from rye. Zawisza has been available in Poland since 1999 and the bottles were redesigned in 2009.

Source: Company

The *Danzka* vodka brand was sold on 10 April 2013.

The Marie Brizard Group's business

The group consisting of Marie Brizard & Roger International (MBRI) and its subsidiaries is focused on production and selling products mainly under William Peel, Marie Brizard, Moncigale and Fruits & Wine brands.

Main products

MONCIGALE

Moncigale sells rosé wines from Provence in the South of France, and produces Côteaux d'Aix, Côteaux de Varois and Côteaux de Provence wines from various grape blends. The rosé wine is available in several formats. Moncigale wines are produced and bottled in Beaucaire near Marseille.

WILLIAM PEEL

William Peel, which is a blend of malt and grains from the Scottish Lowlands and Highlands, was launched on the French market in 1986. This mid-range whisky had a market share of 21.9% in 2014.

MARIE BRIZARD

Marie Brizard, which was founded in 1720, produces an anisette from green aniseed, as well as modern fruit liqueurs. New bottles and advertising campaigns were launched in 2009.

BERGER

Berger, which was founded in 1830, produces Pastis, a genuine French speciality from Marseille, which is made from aniseed and liquorice. Berger Blanc had a 45,9% share of the Pastis Blanc market in 2014.

COCKTAILS PITTERSON

Pitterson Cocktails sells ready-made cocktails (Vodka-Orange, Gin Fizz, and Mojito, etc.) inspired by Marie Brizard's expertise in cocktail recipes.

COGNAC GAUTIER

Maison Gautier, which was established in 1697, is one of the oldest cognac houses. Cognac Gautier is primarily sold on the export market, i.e. outside France.

MARQUES DEL PUERTO

Bodega Marques del Puerto, which was founded in 1986 and purchased by Marie Brizard in 1996, is based in Fuenmayor in Spain's famous Rioja Region. The company produces a wide range of Rioja wines.

SAN JOSÉ

San José, which is a twice-distilled Mexican tequila made from blue agave and produced in Jalisco, is the leader on the French tequila market, with a market share of 43.2% in 2014. This tequila is available in an upmarket version under the San José Gold brand.

SIR PITTERSON

Sir Pitterson, which was re-launched as an affordable whisky in 2011, is a blended scotch whisky made from malt and grains from eight distilleries in the Scottish Highlands.

OLD LADY'S

Old Lady's, which is made from juniper berries and coriander, orange and lemon, is distilled twice and produced in England. A new bottle was launched in 2010 and the gin's market share in France was already 5.9% in 2011.

PORTO PITTERS

Pitters Porto, which is made from grapes grown in the Douro Valley, is a port wine that is bottled in Portugal and is also available as a white port.

Source: Company

New products or services launched on the market

In 2014, new brands, new brand versions and new products were launched within each of the Group's main business activities.

The Fruits & Wine brand continued its expansion in 2014 with the launch of Fruits & Wine Rosé Apricot and Fruits & Wine White Apple, as well as a line of organic products.

The brand "Marie Brizard" complemented its range of syrups with the launch of a dozen of new products, including Royal Chocolate, Appel Sour and Cranberry.

Finally, the William Peel assortment was extended with the launch of two whisky-based spirits "William Peel Honey" and "William Peel Coffee". Those products should be growth drivers in 2015 for the brand William Peel.

1.1.2 Main markets events and trends in 2014

In 2014, in an uncertain global economic environment, the global market for wines and spirits continued its growth, notably driven by i) the USA (+ 2.2% in volume for spirits), and ii) spirits and vodka.

2015 should confirm the main trends observed in recent years and in particular the sophistication of aromas and the growth of whisky products.

1.1.3 Main events which occurred during 2014 financial year

Payment of the 1st dividend

The BELVEDERE Group paid Fréderic Abitbol, the Administrator appointed to oversee the Execution of the Plan, the amounts of the first dividends due on 19 March 2014 for 8 Group companies involved (BELVEDERE, MBRI, Sobieski, Destylarnia Sobieski, Sobieski Trade, Domain Menada, Destylernia Polmos, and Fabryka Wodek).

Moncigale's frozen debts were also subject to a gradual repayment schedule.

The 1st dividend paid by Moncigale was paid to Mr Torelli, the Administrator appointed to oversee the Execution of the Plan, on 16 April 2014.

Change in governance structure

The Appointments Committee, in accordance with the assignment entrusted to it, submitted several applicants for the position of Chief Executive Officer to the Board of Directors.

On 27 March 2014, the Board of Directors chose, subject to the approval of its position by the chosen applicant, to:

- Dissociate the functions of Chairman of the Board of Directors from those of Chief Executive Officer;
- Extend the term of the mandates of M. Krzysztof Trylinski as member and Chairman of the Board of Directors until the end of its mandate;
- To appoint M. Jean-Noël Reynaud as Chief Executive Officer of the company.

On 31 March 2014, the Board of Directors noted the approval of Jean-Noël Reynaud and confirmed its appointment as Chief Executive Officer. It is indicated that it was effective starting 5 May 2014.

Besides, during the meeting of the Board of Directors on 28 July 2014, M. Krzystof Trylinski stated that he was submitting his resignation as a member and Chairman of the Board of Directors for personal reasons. In order to ensure an efficient transition period, M. Krzystof Trylinski agreed to hold its positions until the next General Meeting of Shareholders due on 16 September 2014.

The Board of Directors noted this resignation and decided to maintain the dissociation of the functions of Chairman of the Board of Directors from those of Chief Executive Officer that was decided in early 2014 to comply with governance best practices.

As a result, and following the recommendation of the Nominating Committee, the Board of Directors decided to appoint M. Benoît Hérault as Chairman of the Board of Directors. He began its functions starting 16 September 2014. M. Benoît Hérault had been an independent Director of the Company since the Combined Annual General Meeting held on 30 September 2013.

During the General Assembly held on 16 September 2014, Mrs. Rita Maria Zniber was appointed to the position of Director, representing Diana Holding shareholder, now reference shareholder of the Group. Mr. Benoît Ghiot was appointed as an independent Director.

The Board of Directors gathered on 24 October 2014, following the recommendations of its Nominations and Remunerations Committee, decided unanimously to co-opt M. Mehdi Bouchaara as a second member of the Board as a representative of Diana Holding and to create a position of Standing Invitee (without right to vote) for M. Serge Heringer as a representative and expert of Diana Holding. M. Mehdi Bouchaara was also appointed member of the Audit Committee for which M. Benoit Ghiot was appointed Chairman replacing M. Benoît Hérault. M. Serge Heringer was also appointed Standing Invitee to the Audit Committee.

These appointments reflect the position of Diana Holding as current first BELVEDERE shareholder and are part of a long term industrial, commercial and financial partnership.

Guarantee given to the Polish customs authorities

On 12 March 2014, Destylarnia Sobieski issued a promissory note for a maximum amount of PLN542m (i.e. €126.8m as at 31 December 2014 exchange rate) for the benefit of the Polish customs authorities, as a guarantee for payment of excise duties for the period between 1 May 2014 and 30 April 2015. All of the guarantees granted by the Group in this regard are set out in Notes to the Company's consolidated financial statements for the financial year ended 31 December 2014 (Assets granted as guarantees and off-balance-sheet commitments).

New strategic plan BiG 2018

On 16 December 2014, after important strategic review of the working group led by the new Chief Executive Officer, the BiG 2018 plan ("Back in the Game 2018") was announced to employees, partners, shareholders and the market.

Positioning the Group as a credible challenger in the heart of the markets for wines and spirits, the objectives of this plan are to achieve a turnover between €420m and €460m in 2018 with an EBITDA margin from 12% to 15%.

The achievement of these objectives will be accomplished through:

- The disposals of non-core assets, in particular the activities of wholesaler in Poland, some non-industrial facilities in Poland and finally some real estate assets in France and Poland;
- The optimization of core business activities, relying on the modernization of industrial facilities, the reduction of purchasing expenses, the improvement of the distribution model, the simplification of operations and finally the development of key competences within Group's teams;
- The growth of activities positioned on Vodka, William Peel, Marie Brizard, Fruits & Wine products, and the growth of 5 key markets: France, Poland, USA, Spain and Brazil.

1.2 Analysis of results and of financial structure at year ended 31 december 2014

Consolidated financial statements and annual financial statements for the financial year ended 31 December 2014 were prepared in accordance with the rules, regarding the presentation and the valuation methods, provided for by the regulations in effect.

The rules used for the presentation and the valuation methods used are described in Note 1.2. in the notes to the consolidated financial statements and in Note 2 in the notes to the annual financial statements.

1.2.1 Consolidated activities in 2014

In 2014, the Group showed sales slightly higher than foreseen by "BIG 2018" plan at €466.7 m, down 4.1% on a comparable basis.

In € 000

2013	Abandoned Contracts	Perimeter changes	2013 restated	Like-for-like changes	Currency impacts	2014
539,6	-47,3	-5,4	486,9	-21,0	0,8	466,7

-4,1%

In order to provide better readability of its activity and a better comparison with its main peers, BELVEDERE has decided to carry out some changes in the way it presents its accounts

- BELVEDERE now publishes net sales, excluding excise duty, based on volumes sold rather than volumes produced;
- French sales and Export sales have been split apart;
- United States sales have been adjusted, and are now net of rebates and discounts.

Hence, on a new comparable basis, restated for contracts abandoned in 2014 and for scope effects, the Group's revenue was down 4.1%, in line with the weak wine and spirits market.

Abandoned contracts (wine distributor brand contracts, end of the Pulco subcontracting contract, end of third-party vodkas and divestment of the Danzka brand) and scope effects (Ukraine, Slovakia and Belarus) accounted for €52.7m (i.e. 72%) of the €72.7m changes in sales between 2013 and 2014.

In 2014, BELVEDERE recorded consolidated net sales of €466.7m (€479.8m with the previous accounting method), down 13.5% (-13.6% excluding currency effect) compared with 2013.

Detailed evolution in sales by country

France: gains of market share for the Group's strategic pillars

The Group's flagship brands continued to improve their market shares and outstripped the French market in volume terms. William Peel was increasing by 1.6% whereas the market was decreasing by -0.7%. Thus, on the Scotch whisky segment, with its William Peel brand, BELVEDERE is the leader with a market share of 21.9%.

Regarding the aromatized wine-based drinks segment, BELVEDERE remains, with Fruits and Wine, the clear leader in its category with a market share of almost 30%. Fruit & Wine was increasing by 16.8%, doing better than the market at 15.6% (source: Nielsen & IRI, December 2014).

In 2014, net sales in France totaled €193.3 m, decreasing by 3.0% compared to 2013. That decrease was essentially due to the termination of non-profitable sale contracts.

Poland: Group's brands held up well over the 2nd semester of 2014, in a market affected by increases in excise duty

Net sales totaled €179.0m in 2014, down 19.7%. Excluding the impact of the end of third-party vodka sales, sales were down by 8.8%.

In anticipation of the increase in excise duty that came into effect at the beginning of 2014, sales for the 4th quarter of 2013 had been particularly high in Poland. As a result, sales for the 1st half of 2014 were negatively affected, particularly as BELVEDERE chose not to take part in the price war undertaken by its peers in order to protect its margins.

Over the final quarter of 2014, the Group's brands (particularly Sobieski and Krupnik) gained market shares, reaching 12.8% by volume on the vodka market, with 11.5% for Krupnik thanks to the launch of new formats and flavors (*source: Nielsen, December 2014).*

Lithuania: buoyant growth, driven by vodka

Net sales were of €22.5m in 2014, i.e. an increase of 25% compared with 2013. The Group's main vodka brands drove this strong growth on a market recording moderate growth.

United States: increase in Sobieski's market share in key states

Based on NABCA (control states) figures, the vodka market grew by 2.9% in volume in 2014 whilst the Group's sales increased by 9.4% in these states.

Net sales totaled €19.9m in 2014, down by 5.0% compared with 2013 mainly impacted by inventory clearance operations by distributors. As indicated above, in order to ensure better readability of the Group's activity in the United States, commercial rebates and discounts given to wholesalers are no longer included in the sales figure. As a result, 2013 sales have been restated.

Spain: Above the market on a comparable scope basis

Net sales were of €13.9m in 2014. As in previous quarters, the termination of the Pulco subcontracting contract at Marie Brizard Spain in November 2013 had a significant impact on sales evolution.

On a comparable scope basis, the annual sales recorded in Spain in 2014 were down by 3% compared to the previous year. Volumes sold were also down by 3% on a market that fell by 6.6% in volume (*source: Nielsen, December 2014).*

Brazil: growth in activity, excluding currency effect

Net sales totaled €5.1m in 2014, down 4.4% on the previous year. Excluding the currency effect, sales were up by 3.4%. The final quarter of 2014 was affected by the increase in excise duty in the state of Rio on 1 November 2014.

1.2.2 Consolidated results for 2014

€ 000	31 December 2014	31 December 2013	31 December 2012	Evol. 2014/2013	Evol. 2013/2012
Revenues	716 529	856 864	891 900	-16,4%	-3,9%
Revenues excluding duties	**466 678**	**539 566**	**551 264**	**-13,5%**	**-2,1%**
Ebitda	5 191	10 627	3 230	-51,2%	229,0%
EBITDA Margin	*1,1%*	*2,0%*	*0,6%*	*- 0,9 pt*	*+ 1,4 pt*
Profit/(loss) on continuing operations	**1 042**	**279**	**(9 048)**	**273,2%**	**-103,1%**
Operating profit/(loss)	(13 914)	(35 737)	(84 976)		
Cost of debt	(1 330)	(7 597)	(21 449)		
Net financial items	(4 224)	226 170	(24 562)		
Net profit/(loss) Group share	**(19 096)**	**190 260**	**(117 792)**		

The BELVEDERE Group's revenues for the 2014 financial year, excluding excise duties, amounted to €466.7m decreasing by 13.5%. On a new comparable basis, restated for contracts abandoned in 2014 and for scope effects, the Group's revenue was down 4.1%, in line with the weak wine and spirits market.

The strategy that required cutting off low-margin activities was complemented with a decrease of the operating expenses of the Group. Thus, the Group pursued the rationalization of its industrial processes and the negotiation of its contracts with providers and customers.

In France, 1st contributor to the results of the Group, net sales decreased by 3.0% compared to 2013. That decrease was essentially due to the termination of non-profitable sale contracts and to the termination of one-off export contracts. The margin rate was stable at 6% due to action plans set up by the Group during the year.

In Poland, the decrease of the net sales were due to the cumulated effects of the increase in excise duty that came into effect at the beginning of 2014, of the intensification of promotional activity that followed and of the decrease of the vodka trade division. The Group adapted its cost structure to those market conditions by reducing its staff to 223 people. Nevertheless, those actions were not effective for the whole year and the EBITDA margin had been falling.

In 2014, marketing expenses were reduced by €6.5m when compared to 2013. That drop is essentially due to the negotiation regarding image contracts.

As written before, in 2014, the Group adapted its staff in its different operating areas. Thus, the total number of employees went from 2,975 in 2013 to 2,493 at the end of 2014. In 2014, staff costs decreased by €6.0m and were of €57.9m.

In 2014, EBITDA was of €5.2m to compare to €10.6m for the previous year. The current operating profit was improved by €0.8m due to the write-backs of provisions on inventories and receivables. Those write-backs are linked to the rationalization of inventories and the review of receivables with significant age.

When closing the accounts on 31 December 2014, the Group defined more accurately its non-recurring operating profit. That latter amounted to €15.0m and is mainly constituted of restructuring expenses for €8.7m and of other items linked to the financial restructuration of the Group for €6.2m. Details regarding the non-recurring operating profit are given in note 4.4. in the Notes to the Company's consolidated financial statements for the financial year ended 31 December 2014.

The net financial result amounted to €-4.2m in 2014. It is mainly composed of debt interests for a total amount of €-1.3m as well as the effect of a reverse discounting of frozen assets in the frame of the business continuation plan that represented a cost of €-6.0m without effect on the cash flows. Currency exchange rates had a positive impact for €2.8m due mainly to the evolution of the Zloty (PLN).

At the end of 2014, after taking into account the tax costs for €0.1m the net profit amounted to €-18.2m to be compared to €190.5m at the end of 2013.

Analysis of the activity by country

Poland

€000	31 December 2014	31 December 2013	31 December 2012	Evol. 2014/2013	Evol. 2013/2012
Revenues	388 631	505 154	536 293	-23,1%	-5,8%
Revenues excluding duties	**178 959**	**222 908**	**229 450**	**-19,7%**	**-2,9%**
Ebitda	(563)	5 683	13 496	-109,9%	-57,9%
EBITDA Margin	*-0,3%*	*2,5%*	*5,9%*	*- 2,9 pt.*	*- 3,3 pt.*
Underlying operating profit/(loss)	**(1 958)**	**810**	**8 608**	**-341,7%**	**-90,6%**

With France, Poland is historically the most contributing area as regard revenues. In Poland, representing 38.4% of revenues excluding duties, the total revenues excluding duties were of €179.0m decreasing by -19.7% (or -20.3% at constant exchange rates).

In anticipation of the increase in excise duty that came into effect at the beginning of 2014, sales for the 4th quarter of 2013 had been particularly high in Poland. As a result, sales for the 1st half of 2014 were negatively affected, particularly as BELVEDERE chose not to take part in the price war undertaken by its peers in order to protect its margins.

Moreover, following its rationalization strategy and its effort on its core activities, the Group reduced the vodka trade division in order to focus on high-margin products as well as proprietary trademarks.

Nevertheless, the Group confirmed its strength on the vodka market with market shares in volume of 12.9% (source: Nielsen at the end of December 2014) from which 11.5% for the Krupnik brand due to the launch of new formats and flavors.

EBITDA margin is lower when compared to 2013 because the rationalization of cost structure initiated in mid-2014 had not yet compensated the drop in revenues. Moreover, the EBITDA in Poland is negatively impacted by rebilling of Management Fees for €1.3m.

Western Europe

€ 000	31 December 2014	31 December 2013	31 December 2012	Evol. 2014/2013	Evol. 2013/2012
Revenues	232 315	257 986	260 208	-10,0%	-0,9%
Revenues excluding duties	**232 315**	**257 986**	**260 208**	**-10,0%**	**-0,9%**
Ebitda	11 941	15 686	7 528	-23,9%	108,4%
EBITDA Margin	*5,1%*	*6,1%*	*2,9%*	*- 0,9 pt.*	*+ 3,2 pt.*
Underlying operating profit/(loss)	**9 309**	**12 490**	**3 962**	**-25,5%**	**215,2%**

Western Europe includes activities of Marie Brizard (spirits and wines) as well as those of the Scandinavian organization.

This region is the main contributor to Group revenues excluding duties. Besides the fall in revenues, EBITDA margin is in line with that of 2013 (once restated for the impact of the rebilling of Management Fees for €2.1m).

The Marie Brizard France unit had revenues of €215.4m i.e. a decrease of 6.4% compared to 2013. That fall is due to a decrease of -32% in export revenues and of -3% in the French market. Those evolutions are mainly linked to the termination of non-profitable contracts on the French and Export markets.

2014 remained a good year regarding the overall performance of the leading brands of the Group in a weak Spirits market when compared to 2013.

- The William Peel brand recorded a 1.6% increase in sales between December 2013 and December 2014 in a French whisky market that experienced a 0.7% decline.
- The Sobieski Vodka brand continued its growth in revenues in volume; increasing by 1.7% between December 2013 and December 2014 whereas the French vodka market showed an increase of 3.0% over the same period. BELVEDERE remains the third player in the French market being closer to the second.
- Fruits & Wine, which was created in November 2010, showed a 16.8% increase in its sales volumes in 2014. This pioneering French fruit-flavored wine brand received the 2015 “Saveurs de l’année” (Tastes of the year) Award in November 2014 for its brand new range of organic products.

In Spain, the revenues excluding duties amounted to €13.9m in 2014 i.e. a decrease of -38.3% compared to 2013. That strong decrease is due to the termination of the Pulco subcontracting contract in November 2013. Excluding that impact, the revenues were down by -3% only when compared to the previous year. Volumes sold were decreasing as well by -3% whereas the market lost 6.6% in volumes when compared to 2013.

Denmark recorded a 44.5% fall in business volumes in 2014 compared with 2013. This decrease is explained by the sale of the *Danzka* vodka brand on 10 April 2013.

Lithuania

€ 000	31 December 2014	31 December 2013	31 December 2012	Evol. 2014/2013	Evol. 2013/2012
Revenues	60 380	50 708	47 424	19,1%	6,9%
Revenues excluding duties	**21 776**	**17 423**	**15 420**	**25,0%**	**13,0%**
Ebitda	2 340	1 927	1 257	21,4%	53,3%
EBITDA Margin	*10,7%*	*11,1%*	*8,2%*	*- 0,3 pt.*	*+ 2,9 pt.*
Underlying operating profit/(loss)	**1 518**	**603**	**380**	**151,6%**	**58,8%**

Lithuania is one of the regions where the Group has an historic presence (the Vilnius Degtine distillery was acquired in 2003).

The trend, which began in 2012, kept going in 2014 with an increase of 25% in revenues excluding duties over the period. That progress concerns all categories of spirits sold by the Lithuanian entity.

The commercial strategy, both in the Lithuanian market and for export, made it possible to increase the EBITDA at a high level i.e. €2.5m in 2014. EBITDA margin is improved by +0.2 bps once Management Fees for €0.1m are restated.

United States of America

€ 000	31 December 2014	31 December 2013	31 December 2012	Evol. 2014/2013	Evol. 2013/2012
Revenues	19 937	20 981	25 253	-5,0%	-16,9%
Revenues excluding duties	**19 937**	**20 981**	**25 253**	**-5,0%**	**-16,9%**
Ebitda	(672)	876	(7 313)	-176,7%	112,0%
EBITDA Margin	*-3,4%*	*4,2%*	*-29,0%*	*- 7,5 pt.*	*+ 33,1 pt.*
Underlying operating profit/(loss)	**(978)**	**749**	**(7 365)**	**-230,6%**	**110,2%**

From now, commercial discounts and benefits granted to wholesalers are deducted from the revenues in order to display figures in line with the standards of the sector. 2012 and 2013 revenues were restated consequently.

2014 revenues in the USA amounted to €19.9m i.e. a decrease of 5% compared to 2013. That fall is balanced with the rise of Sobieski’s market shares in the key states due to destocking operations.

Based on NABCA figures (control states) the vodka market rose by 2.9% in volume in 2014 whereas the revenues of the group increased by 9.4% (source NABCA, end of December 2014).

In 2014, a decrease in the EBITDA as well as in the EBITDA margin happened due to higher marketing expenses in 2014 than in 2013. USA was impacted by the rebilling of Management Fees for €0.2m.

Bulgaria

€ 000	31 December 2014	31 December 2013	31 December 2012	Evol. 2014/2013	Evol. 2013/2012
Revenues	5 705	6 246	9 104	-8,7%	-31,4%
Revenues excluding duties	**5 705**	**6 246**	**9 104**	**-8,7%**	**-31,4%**
Ebitda	(1 611)	(1 719)	(2 699)	6,3%	36,3%
EBITDA Margin	*-28,2%*	*-27,5%*	*-29,6%*	*- 0,7 pt.*	*+ 2,1 pt.*
Underlying operating profit/(loss)	**(401)**	**(2 329)**	**(5 161)**	**82,8%**	**54,9%**

Main activities in Bulgaria include production and marketing of Bulgarian Wines.

In 2013, the Group proceeds to a restructuration of its activities with the sale of the Sakar vineyards. That restructuration and a tougher competition as regard prices had a negative impact on the activity and the profitability of the Group during 2014.

Consequently, in 2014, the Group recorded a fall in its revenues of -8.7% as well as a decrease of -6.3% of its EBITDA. The operating income, even negative, is improved by 82.8% compared to 2013.

Following the restructuration of its activities in Bulgaria, its staff decreased from 246 at the beginning of 2014 to 150 at the end of 2014.

Brazil

€ 000	31 December 2014	31 December 2013	31 December 2012	Evol. 2014/2013	Evol. 2013/2012
Revenues	6 643	7 069	7 416	-6,0%	-4,7%
Revenues excluding duties	**5 071**	**5 302**	**5 627**	**-4,4%**	**-5,8%**
Ebitda	1 148	1 333	1 581	-13,8%	-15,7%
EBITDA Margin	*22,6%*	*25,1%*	*28,1%*	*- 2,5 pt.*	*- 3,0 pt.*
Underlying operating profit/(loss)	**936**	**1 284**	**1 325**	**-27,1%**	**-3,1%**

2014 revenues in Brazil amounted to €5.1m i.e. a decrease of 4.4% compared to 2013. Excluding the currency effect, sales were up by 3.4%. The final quarter of 2014 was affected by the increase in excise duty in the state of Rio on 1st November 2014.

Other areas

€ 000	31 December 2014	31 December 2013	31 December 2012	Evol. 2014/2013	Evol. 2013/2012
Revenues	2 857	8 717	6 188	-67,2%	40,9%
Revenues excluding duties	**2 857**	**8 717**	**6 188**	**-67,2%**	**40,9%**
Ebitda	(111)	1 491	(603)	-107,4%	347,3%
EBITDA Margin	*-3,9%*	*17,1%*	*-9,7%*	*- 21,0 pt.*	*+ 26,8 pt.*
Underlying operating profit/(loss)	**(127)**	**1 251**	**(987)**	**-110,2%**	**226,7%**

That lot gathers the other geographical areas of the Group that were consolidated or that were made asleep during the year 2014.

1.2.3 Consolidated financial structure as of 31 December 2014

€000	31/12/2014	31/12/2013	31/12/2012
Goodwills	29 932	30 646	30 768
Intangible assets	110 900	111 240	131 734
Tangible Assets	42 922	51653	79 475
Financial assets	1624	5 767	9 002
Other non-current assets	3 393	5 586	34 979
Non-current Assets	**188 771**	**204 892**	**285 957**
Current Assets	223 613	291696	252 039
Cash and Cash Equivalents	77 184	36 470	28 175
Current Assets	**300 797**	**328 167**	**280 214**
Assets held for sale	**5 877**		
TOTAL ASSETS	**495 445**	**533 059**	**566 172**

€000	31/12/2014	31/12/2013	31/12/2012
Total Equity	**199 184**	**221 385**	**-299 002**
Long term borrowing - part due > 1year	2 202	2 353	3 375
Other non-current liabilities	116 538	127 281	59 214
Non Current Liabilities	**118 740**	**129 634**	**62 589**
Long term borrowing - part due < 1year	1 112	1480	540 198
Short term borrowings	32 321	13 510	23 818
Other Current Liabilities	139 328	167 050	238 568
Current Liabilities	**172 761**	**182 040**	**802 585**
Liabilities held for sale	**4 760**		
Total Equity and Liabilities	**495 445**	**533 059**	**566 172**

Operating Assets and Liabilities

Non-current operating assets

The Group's main fixed assets consist of intangible assets (goodwill and trademarks).

Group goodwill is mainly assigned to the France region (almost 81% of total goodwill at 31 December 2014). These amounts originate from the recognition of goodwill at the time of the 2006 acquisition of the sub-group consisting of MBRI and its subsidiaries. The reduction in the amount of goodwill during the financial year 2014 is primarily due to the restructuration operations of the legal organization in Poland.

In accordance with IAS 36, an assessment of the recoverable value of the goodwill was carried out at 31 December 2014.

Impairment tests were performed for the following regions during the 2014 financial year:

- France
- Poland
- Lithuania

No impairment was recorded in respect of the 2013 financial year based on the goodwill impairment tests.

The Group's trademarks, which are displayed under intangible assets and account for most of that item, amounted to €102.4 million at 31 December 2014 i.e. stable over the period.

The reduction in the "Brands" item was primarily due to the sale of the *Danzka* vodka brand on 10 April 2013.

In accordance with IAS 36, an assessment of the recoverable value of the trademarks (intangible assets with an indefinite life) was performed on 31 December 2014. That analysis enabled to confirm the value of Group's trademarks as at 31 December 2014.

Most of the trademarks to which a value has been assigned on the balance sheet are those belonging to the Marie Brizard unit (which was acquired by the Group in 2006) and to its subsidiaries.

Tangible assets amounted to €42.9m as at 31 December 2014 compared with €51.7m as at 31 December 2013. This reduction is primarily linked to amortizations over the period and sales of tangible assets.

There were no important investments in 2014. Most of the investments were made for the improvement or the renewal of production tools.

Working capital

As at 31 December 2014, Working Capital 1 (inventories + receivables – payables) amounted to €112.1m to compare with €170.2m as at 31 December 2013. That fall of €58.1m is due to actions targeted to improve that item such as:

- Rationalize inventory levels in Poland, Spain and France;
- Setting up factoring and a more aggressive dunning notices policy;
- Renegotiation of payment conditions with certain suppliers especially in the USA.

Working Capital 2, composed of the other items of Working Capital, is impacted negatively by the reduction of tax and social debts. That reduction is mainly corresponding to the Polish entities from which the excise duties to pay were particularly high at the end of 2013 due to a strong production at the end of the year in order to anticipate the rise of excise duties at the beginning of 2014.

Financial assets

The decrease of financial assets is mainly due to the reimbursement of an escrow account linked to the sale of the Danzka brand.

Other non-current assets

As at 31 December 2014, the reduction of the item "other noncurrent assets" is mainly due to the merger of "Distilleries Françaises" with Marie Brizard and to the sale of CI Nolet & Co. Before 2014, those companies were recorded as "Equity Affiliates".

Noncurrent liabilities

Non-current liabilities include employees benefits, provisions for risks and charges, deferred tax liabilities and non-current liabilities linked to the continuation plan.

Non-current liabilities are detailed in Note 6.6. in the Notes to the Company's consolidated financial statements for the financial year ended 31 December 2014.

The went from €71.5m as at 31 December 2013 to €61.7m as at 31 December 2014, or a decrease of €9.8m linked to the reclassification of less than one year items with the current liabilities.

Equity Capital and net financial debt

Situation of equity capital and net financial debt is detailed thereafter.

Cash and Resources

Information on company's Capital

€000	31/12/2014	31/12/2013	31/12/2012
Cash and cash equivalents	-77 184	-36 470	-28 175
Short term financing	32 321	13 510	23 818
Short term capital	**-44 863**	**-22 960**	**-4 357**
FRN			441288
OBSAR			90 102
Other Financial debts	3 313	3 833	12 184
Long term financial debts	**3 313**	**3 833**	**543 573**
Amounts deposited in FRN & OBSAR accounts [1]			-3 949
Long term financial debts adjusted for the amounts deposited	**3 313**	**3 833**	**539 625**
Equity Capital	**199 184**	**221 385**	**-299 002**
Long term Capital	**202 497**	**225 217**	**240 623**

1 The amounts paid in connection with the FRN and OBSAR liabilities under the 1st instalment of the Safeguard Plan were not recognized as a decrease in financial debt but as an increase in non-current financial investments, this was due to the fact that they were deposited in escrow accounts.

Equity capital amounted to €199.2m in 2014 to compare with €221.4m in 2013. That evolution is due to the loss recorded in 2014.

Most of the financing for operating capital expenditure and short-term requirements is arranged locally by the various Subsidiaries. The Company also finances Subsidiaries that have limited access to external financing, including Subsidiaries where the business is in the development phase.

1.2.4 Activities and results of the parent company

Annual financial statements of BELVEDERE SA for year ended 31 December 2014 are characterized by:

- A net position of €179.6m decreased by €8.6m compared with €188.3m in 2013 due to the loss recorded in 2014;
- Other debts amounted to €134.1m and are mainly composed of frozen debts in the frame of the continuation plan;
- Fixed assets amounted to €328.6m as at 31 December 2014 and were mainly composed of financial assets from which Marie Brizard & Roger International shares, Sobieski Spolka shares and loan granted to other companies of the Group.

The operating result is a loss of €9.9m. That operating loss means that, as a Holding, BELVEDERE SA does not rebill to its subsidiaries the whole part of its running expenses through Management Fees.

The financial result is a loss of €4.9m. The financial incomes from participations and related receivables for €5.7m do not balance totally the net impact of the changes in provisions on securities and current accounts for €-10.6m.

Consequently, 2014 ended with a net loss of €-8.6m largely inferior to that of 2013.

1.3 Latest events and outlooks

1.3.1 Reimbursement of a carry-back receivable of €31 million

In February 2015, BELVEDERE announced that it had obtained confirmation that it will receive the reimbursement of a carry-back receivable of €31m.

It was informed by the Large Corporates Division of the Direction Générale des Finances Publiques (Public Finances General Directorate) that its request for the reimbursement of this receivable had been accepted.

As expected by the Group's Management, the sum of €31m was returned to BELVEDERE on 26 February 2015.

1.3.2 Sale of assets in Belarus

In the frame of its divestment of activities in Belarus, BELVEDERE forecasts to sell in the near future its participation in the Belarus subsidiary named "Galiart" and in the short term the real estate assets located in Minsk.

1.3.3 Threshold crossings

Shareholding threshold disclosure and declaration of intent by Diana Holding (1 April 2015):

- By mail received on 1 April 2015, the limited liability company governed by Moroccan Law "Diana Holding"[1] ("Domaine Zniber, Ait Harzallah, Province d'El Hajeb, Wilaya de Meknes Tafilalet, Maroc") declared that, on 26 March 2015, it went above the threshold of 15% of the capital and of the voting rights of the company BELVEDERE and that it owned 4.400.000 shares of BELVEDERE (same amount of voting rights) representing 16.61% of the capital and 16.47% of the voting rights[2].
- This threshold crossing is a result of the acquisition of shares on the market.
- Regarding Article 223-14 III and IV of the general regulations of the AMF, "Diana Holding" stated that it owned:
    - 100.000 warrants (BSA) to be exercised before 23 April 2018 and giving access to around 0.38 BELVEDERE shares when exercising 3 warrants minimum to the price of €23.82 per share.

[1] Controlled by Zniber Family

[2] Based on a capital composed of 26,486,477 shares and of 26,721,879 voting rights according to alinéa 2 of Article 223-11 of the AMF rules.

- 3.000.000 warrants (BSA), to be exercised before 31 December 2016 and giving access to around 0.03 BELVEDERE shares[3] to the price of €20.01 per share.

- In the same mail, the following declaration of intent was realized:

  « In accordance with articles L. 233-7 of the Commercial Code and 223-17 of the general regulations of the AMF, "Diana Holding" stated for the next 6 months:

  - That the acquisitions ending in the threshold crossing above described were financed through a long term bank loan backed by equity and assets of the Group Diana Holding;
  - That is not acting in concert with a third party through the company BELVEDERE;
  - That it does not exclude to pursue acquisitions of BELVEDERE shares, according to market conditions,
  - That it does not exclude to take control of BELVEDERE according to Article L.233-3 of the "Code du Commerce" because it may effectively – in the long term - be in the situation of determine "actually, through the voting rights which it owned, the decisions in the General Meetings of that company" but that it does not forecast to cross a threshold in capital or in voting rights that would mandate it to take over the company;
  - That it confirms as a professional player of the wine market that it wants to set up industrial and commercial partnerships with the company BELVEDERE, in order to develop the potential synergies implying that a sufficient representation to the Board of Directors is settled.
  - According to this, outside the nomination of Rita Maria Zniber as a member of the Board of Directors (decided during the General Meeting of Shareholders that took place in 16 September 2014) and the co-option of Mehdi Bouchaara as a member of the Board of Directors (decided during the Board of Directors that took place in 24 October 2014), it asks to the Board of Directors of BELVEDERE to co-opt Serge Heringer as soon as possible, whose application was submitted in October 2014. Given that Serge Heringer has a status of standing invitee to the Board of Directors and to the Audit Committee does not give him the possibility to participate in decisions.

Besides, Diana Holding stated:

- that it has no intention to set up an operation referred to in Article 223-17 I, 6° of the general regulations of the AMF;
- that is does not belong to agreements or instruments mentioned in 4° et 4° bis of I of Article L. 233-9 of the Commercial Code

[3] It is indicated that the number of share would be rounded to the nearest whole number and a compensation would be given in cash

- That it has not conclude any agreement regarding the reverse transactions of BELVEDERE shares or voting rights

Shareholding threshold disclosure and declaration of intent by DF Holding (13 May 2015):

- By mail received on 13 May 2015, completed by a mail received on 15 May 2015, the limited liability company governed by Luxembourg Law "DF Holding"[4] (34-38 avenue de la Liberté, L-1930 Luxembourg, Grand Duché du Luxembourg) declared that, on 13 May 2015, it went above the threshold of 5% of the capital and of the voting rights of the company BELVEDERE and that it owned 1,500,000 shares of BELVEDERE (same amount of voting rights) representing 5.66% of the capital and 5.61% of the voting rights[5].

[4] Controlled by Castel family

[5] Based on a capital composed of 26,486,621 shares and 26,748,958 voting rights according to alinéa 2 of Article 223-11 of the AMF rules.

1.3.4 Executive Committee

BELVEDERE SA announced on 14 April 2014 the composition of its Executive Committee, headed by CEO Jean-Noël Reynaud.

Odile Laurent, Human Resources Director

Odile Laurent has acquired close to 15 years of experience in Human Resources Management on an international level, within the industrial sector, notably at Delphi, Alstom, Areva T&D and Sanofi as business unit or regional HR Director. Most recently, she was the group Human Resources Director at ESI group. She joined the BELVEDERE group in January 2015.

Alain Degand, Chief Purchasing Officer

Previously Purchasing Director at Bormioli Rocco BU Perfumery, Alain Degand joined the BELVEDERE group in March 2013. He has accumulated 20 years of experience at Roquette Frères, Arc International, with almost a decade in the food and glass sectors.

Aymeric Donon, Chief Financial Officer

Aymeric Donon began his career at Mazars, where he was notably responsible for the auditing of spirits groups. He was then CFO for the Vranken-Pommery Monopole group, joining the BELVEDERE group in November 2014.

Stéphane Laugery, Legal Director and Corporate Secretary

Tax and Legal Affairs Director at Norbert Dentressangle and then Dentressangle Initiatives, Stéphane Laugery was notably Deputy Group Legal Director at Rémy Cointreau. He joined the BELVEDERE group in March 2015.

Stanislas Ronteix, Chief Marketing Officer

Marketing General Manager of Bisquit Cognacs within South African group Distell, Stanislas Ronteix notably had global responsibility for Rémy Martin VSOP at Rémy Cointreau and has more than 15 years of experience in the wine and spirits sector. He joined the BELVEDERE group in September 2014.

Daniel Rougé, Chief Operations Officer

Daniel Rougé has more than 30 years of experience in the agri-food sector, notably in drinks where he was Industrial Director and Factory Director at Candia Sodiaal, Orangina Schweppes, Teisseire and Boisset. He joined the BELVEDERE group in November 2014.

1.3.5 Legal Simplification with the merger between Marie Brizard & Roger International and William Pitters International (April 2015)

In order to rationalize the number of legal entities composing the Group and following the authorization given by the Board of Directors, a simplified merger between “Marie Brizard & Roger International” and “William Pitters International” was realized.

Thus, on 8 April 2015, the CEO of the company « Marie Brizard & Roger International » recorded (i) that the conditions precedent (written in the draft of the merger agreement concluded with its subsidiary William Pitters International as of 23 February 2015) were satisfied and (ii) the definitive completion of the merger and the anticipated dissolution without liquidation of the company William Pitters International.

1.3.6 Sale of the retail business in Poland

On 19 May 2015, the Group announced that it had divested its retail activities in Poland named Galeria Alkoholi.

As foreseen by its BiG 2018 strategic plan, BELVEDERE intends to divest its assets that are no longer core business. The Group has thus divested Galeria Alkoholi, a company comprising 39 liquor stores in Poland, to Carrefour.

This divestment has been approved by the relevant authorities in France and Poland.

The sale price has not been made public, and the sales recorded by Galerie Alkoholi will cease to be consolidated in the Group's accounts from 13 May 2015.

1.3.7 Litigation

Tow proceedings have been initiated in the USA against the company and its local subsidiary named Imperial Brands following the request of a former member of the Management of the Group. They asked for the payment of a bonus subsequently to the sale of the company Florida Distiller realized in 2011.

A transaction has been concluded with that person on 8 May 2015.

1.3.8 2015 Outlooks

Revenues of Q1 2015: +4.4% on a like-for-like basis.

During Q1 2015, BELVEDERE had consolidated revenues of €95.6m stable compared to revenues of Q1 2014 but increasing by 4.4% compared to revenues of Q1 2014 on a like-for-like basis.

In € 000

Q1 2014	Abandoned contracts	Perimeter effect	Q1 2014 restated	Like-for-like changes	Currency Impacts	Q1 2015
95,6	-1,6	-2,4	91,6	3,4	0,6	95,6

+ 4,4%

Market shares in the key countries of the Group for Q1 2015:

- William Peel in France: 22.5% of market share (source: Nielsen P03 2015)
- Krupnik in Poland: 12.2% of market share (source: Nielsen P03 2015)
- Fruits and Wine in France : 28.6% of market share (source IRI P03 2015, BABV)
- Sobieski in the USA : 2.8 % of market share (source Nielsen 13 weeks as 28 March 2015, Imported vodkas)

Status of BiG 2018 plan and midterm outlooks

During Q1 2015, BELVEDERE began to set up its strategic plan named "BiG 2018".

Regarding rationalization subjects and especially the sale of non-core assets, BELVEDERE has set up an active strategy and the sale processes are ongoing.

As stated before in this report, BELVEDERE announced on 19 May 2015, that it had divested its retail activities in Poland named Galeria Alkoholi.

Regarding optimization subjects and especially the set-up of best industrial, purchase and marketing practices, BELVEDERE has begun to set up main projects. For example, regarding industrial practices, BELVEDERE has instigated improvements works for its productions tools for Vodka in Lithuania. As regard purchases, BELVEDERE has finalized discussions about supply of scotch and purchasing synergies especially for bottles. Those negotiations enabled to validate the main hypotheses of the Plan.

Finally, as regard Marketing, BELVEDERE felt a sensitive hearing from its partners throughout all its operating markets. Once more, those discussions made reliable the hypothesis of BiG 2018 Plan.

As a consequence, BELVEDERE is confident with its outlooks and confirms its financial objectives set out in the strategic plan BiG 2018.

1.4 Risk factors

The Company has reviewed the risks that could have a material adverse effect on its business, its financial position and its results (or on its ability to meet its targets) and believes that there are no significant risks other than those set out below.

Nevertheless, it is reminded to the reader that additional risks to those described hereafter may exist but are not identified at the date of the current document or for which the occurrence is not considered at the current date, as disposed to have an important unfavorable effect on the company or its subsidiaries.

1.4.1 Financial risk

Risks relating to insolvency proceedings

It is reminded that BELVEDERE as well as some subsidiaries having given guarantees to their parent company, in the frame of financing schemes secured in 2006, were respectively placed under court-ordered rehabilitation on 20 March 2012 and 3 July 2012. These proceedings are detailed in Section 2.1 of the Registration Document for 2013, which was approved by the AMF on 31 July 2014 under # R14-048.

In a judgement dated 19 March 2013, the Dijon Commercial Court approved the Company's rehabilitation plan, as presented by the Administrator on 11 March 2013. In its judgement, the Dijon Commercial Court underlined that the plan, as approved, was likely to ensure the long-term future of the business. As a matter of fact, the conversion of the FRN debt for €439m on 19 April 2013 and of the OBSAR (bonds with redeemable warrants) for €93m on 30 October 2013, enabled to delete most of the indebtness of the Group.

The BELVEDERE Group paid Fréderic Abitbol, the Administrator appointed to oversee the Execution of the Plan, the amounts of the first dividends due on 19 March 2014 for the eight Group companies involved (BELVEDERE, MBRI, Sobieski, Destylarnia Sobieski, Sobieski Trade, Domain Menada, Destylernia Polmos, and Fabryka Wodek).

Besides, Offset agreements between BELVEDERE, MBRI and Sobieski were approved by the Administrator appointed to oversee the Execution of the Plan.

Moncigale's frozen debt was also the subject of a gradual repayment schedule.

On 16 April 2014, the first plan dividend was paid by Moncigale to Mr Torelli, the Administrator appointed to oversee the Execution of the Plan.

In order to respect the commitments towards Frédéric Abitbol (Administrator appointed to oversee the Execution of the Plan.), the Group set up cash-flows forecasts for the first semester of 2014 that were actualized every month according to operating plans. This process enabled to get visibility on the whole perimeter in order to anticipate and secure its ability to honor the payments of the rehabilitation plan.

Consequently, on 19 March 2015, second dividend payment due according to the plan was received by Frédéric Abitbol, Administrator appointed to oversee the Execution of the Plan.

Risk of dilution of the Company's shareholders

As a reminder, the debt repayment proposals (as described in Section 2.1 of the Registration Document for 2013, which was approved by the AMF on 31 July 2014 under # R14-048) provided for the issuance of (i) shares with share warrants for the benefit of the FRN Creditor, which resulted in the latter holding an 87% interest in the Company's share capital, and (ii) share warrants for the benefit of the OBSAR bond-holders. In fact, in accordance with the conversion option provided for in the debt repayment proposals, which have been implemented, 23,035,184 shares with share warrants were issued to the FRN Creditor on 19 April 2013.

Following this capital increase, which was carried out on 19 April 2013, the existing shareholders jointly retained a reduced 13% interest in the Company's share capital (prior to the exercise of the BSAR share warrants, such as the term is defined in Section 2.1 of the Registration Document for 2013).

The debt repayment proposals also provided for the free award of share warrants to the Company's shareholders, which would entitle the latter to 10% of the Company's share capital, prior to the exercise of the BSAR warrants and of any other share warrants issued by the Company. The warrants (BSA) were granted on 19 April 2013.

The dilution used to determine the percentage of the share capital to which the Warrants (BSA) granted to historical shareholders was an estimate and did not take into account the possible dilution from the exercise of the BSARs. As a result, exercising Warrants (BSA) may not enable to correct the dilutive impact for historical shareholders due to the occurrence of the other transactions referred to in the debt repayment proposals.

Beside those operations related to the debt repayment proposals, it is indicated that the Board of Directors gathered on 12 March 2015 decided the allocation of 9,320 free shares and 480,000 stock purchase or subscription options to some employees and Directors of the Group.

As a conclusion, the dilutive instruments are summarized in the following table:

	31 December 2012	31 December 2013	31 December 2014	Date of the current report
Number of shares outstanding	**3 405 679**	**26 486 213**	**26 486 482**	**26 486 621**
Potential dilutive effect of stock warrands issued in 2004	585 262	643 788	643 788	643 788
Potential dilutive effect of stock warrands issued in 2006	130 135	99 521	99 521	99 521
Potential dilutive effect of stock warrands issued to historical shareholders		2 634 771	2 634 502	2 634 363
Potential dilutive effect of stock warrands issued to holders of subordinated bonds		2 572 093	2 572 093	2 572 093
Potential dilutive effect of free shares 2015				9 320
Potential dilutive effect of stock warrands issued in 2015 to employees and Managers				480 000
Total number of potential shares	**4 121 076**	**32 436 386**	**32 436 386**	**32 925 706**
Dilutive effect	**17,36%**	**18,34%**	**18,34%**	**19,56%**

Risks relating to the valuation of goodwill and trademarks

During the preparation of the parent company and consolidated financial statements for the 2014 financial year, the Group's management estimated the values of the Group's goodwill and trademarks, in accordance with applicable accounting standards and principles. In essence, these estimates are based on assumptions. Accordingly, the assumptions used by the Group's management may subsequently turn out to be inaccurate, which would have an impact on the level of expenses shown in the parent company and consolidated financial statements of the Company.

An assessment of the recoverable value of the goodwill and trademarks was carried out on 31 December 2014, in accordance with IAS 36. The recoverable value of one Cash Generating Unit (CGU) is the higher amount between its fair value minus sale costs and its value-in-use.

The value-in-use of the CGUs is determined based on discounted future cash flows. It is calculated according to parameters arising from the budget and forecast preparation process over a maximum period of five years, including growth and profitability rates that are considered reasonable. Management uses discount and long-term growth rates, based on the sector in which the Group operates, in order to estimate the value-in-use of the CGUs.

Furthermore, the process launched as part of the court-ordered rehabilitation proceedings led to bids being submitted for several of the Group's business segments. The offers received appeared to be heavily discounted and did not reflect the real market value of the goodwill and trademarks, or correspond to bids that would have been made as part of a conventional disposal process. Accordingly, Management viewed these bids as inadequate, a stance that was confirmed by the Dijon Commercial Court, which rejected them on that basis. Therefore, the values proposed under the terms of the bids have not been taken into account.

The valuation of the goodwill and trademarks used in the financial statements for the year ended 31 December 2014 is the result of Management assumptions for business volumes (revenue growth, trend in gross profit margins, and operating margins). These assumptions rely on the fact that the Group will be able to conduct its business activities under normal business and legal conditions.

Currency risk

Currency risk relating to financial debt denominated in foreign currencies
The Group consolidates the financial statements of its subsidiaries in Euro. Most of the subsidiaries have a different currency than Euro.

Given the size of the operations, the currency risk relating to the conversion of the financial statements primarily relates to fluctuations in the Polish zloty (PLN) and the US dollar (USD). Accordingly, the conversion of the Subsidiaries' financial statements into euros could have an impact on the Group's results.

Where debt is concerned, the Group prioritizes local financing (primarily working capital financing) in the same currency as the one in which the borrower company operates. The impact of currency fluctuations on debt therefore remains limited.

Currency risk relating to commercial transactions

Currency risk relating to commercial transactions (exchange rate fluctuations recorded on transactions in a currency other than the companies' operating currency) is also limited.

In fact, purchases and sales to non-group third parties are mostly performed on the Group company's local market, and therefore in a currency that is the same as its operating currency. Intra-group transactions involve exposure to currency fluctuations: this exposure primarily relates to the Polish Subsidiaries' exports to the US Subsidiary, and to the Bulgarian Subsidiaries' exports to the Polish Subsidiaries. No currency hedge has been arranged for intra-group transactions.

The main foreign currency transactions, except for intra-group transactions, concern the purchase of whisky in Pounds Sterling (GBP) by William Pitters (a subsidiary of Marie Brizard & Roger International). William Pitters uses EUR/GBP currency hedges in order to secure the cash flows relating to these purchases.

1.4.2 Business-related risk

Risks relating to trademarks and intellectual property

The Group owns virtually all the trademark portfolio that it uses in its business activities. It is not dependent upon any other group in this respect. The Group owns several brands that it considers to be crucial for the conduct of its business activities, inasmuch as these brands specifically contribute to customers' loyalty to the Group.

The Group's main brands are as follows:

- in Poland: Sobieski, Krupnik, Starogardzka, Polonaise, Krakowska, Zawisza, and Wisent;
- in Lithuania: Sobieski, Bajorų, Admiral, Karvedys, Čepkelių;
- in Bulgaria: Domain Menada, Sakar, Tcherga, and Oriachovitza;
- in Western Europe: Marie Brizard, William Peel, Sobieski, Old Lady's, San José, Berger, and Manzanita;
- in the United States: Sobieski;
- in Brazil: Genebra Zora, Fogo Paulista, Zvonka, Fenetti, and Lautrec.

The reputation of the Group's brands is a key factor for its competitiveness. Moreover, the Group is exposed to the risk of counterfeiting, as well as to the risk of unfair competition.

To protect itself against these risks, the Group makes substantial investments aimed at managing and protecting these brands, as well as its intellectual property rights on a more general basis.

Each subsidiary is responsible for managing any litigation (counterfeiting, unfair competition, obsoleteness, and objections, etc.) and contracts (sales, licensing and co-existence) that give rise to intellectual property issues. The Group makes extensive use of legal intellectual property advisors and specialists of the fight against counterfeiting.

Risks relating to brand image and reputation

The brand image of the Group's products makes a substantial contribution to the development of its business activities. In fact, it has a direct effect on the behavior of consumers, as well as on the behavior of the distributors of the Group's products.

As a result, any event that may harm this brand image is likely to lead to a decrease in the Group's sales.

The insolvency proceedings in which the Group was involved since 2008, as detailed in Sections 2.1 and 4.4.1 of the Registration Document, have resulted in, and are likely to continue to result in negative consequences for the Group's image.

Risks relating to changes in regulations

The Group has operations in a lot of countries. As a result, its business activities are subject to a wide variety of local regulations regarding products containing alcohol, especially with regard to the sale of alcohol (importing, distribution and competition), advertising (marketing and labelling) and the environment.

This regulatory environment is likely to change in the countries in which the Group operates, whether it is in France, the European Union or the rest of the world. Such changes to the legal and regulatory requirements could have a negative effect on the Group's activities (restrictions on the launch of new products, or a slowdown in product sales, for example), more specifically in view of the following considerations:

- Restrictions on the advertising and promotion of the Group's products: certain countries in which the Group operates impose restrictions on the advertising of alcoholic beverages. This is specifically the case of the so-called "Evin" Law in France. The aim of these restrictions is to protect consumers from being influenced by the advertising and promotion of products containing alcohol. All forms of advertising for alcoholic beverages are prohibited in Poland, except in specialized sales outlets and magazines.
- A further tightening of the regulations in countries where the Group has significant operations could influence consumers' behavior, and distance them from the Group's products, which would have a negative impact on business activities.
- Taxes on spirits: the Group's various products are often subject to import taxes, which vary depending on the country, as well as to excise duties. As an example, the increase in excise duties on strong alcohol that came into force in France on 1 January 2012 had a serious impact on retail prices. Such changes could lead to a decrease in the consumption of the products marketed by the Group.
- Bottle labelling regulations: new regulations in this area (including those imposing consumer health warnings and extending the term of the registration process for new products) may reduce the attractiveness of the Group's products in the eyes of consumers and, consequently, result in a reduction in sales of those products. These changes could result in an increase in costs, which is likely to affect the Group's results.
- Authorizations and controls: given its business activities, the operation of all of the Group's facilities is subject to authorizations and specific controls according to the local regulations in place.

The disrespect of local regulations may lead to legal and administrative sanctions. The evolution of regulations as a matter of production and commercialization of alcoholic beverages may lead to additional constraints and to an increase of expenses.

Commercial dependency and customer risk

Commercial dependency and customer risk are primarily due to the contracts that the Group has signed with mass retailers. The concentration of the mass retail sector may limit the negotiating power of Group companies, and therefore the Group's room for manoeuvre in terms of its pricing policy, which may consequently affect the Group's results.

In France, Moncigale generated an important part of its 2014 revenues with the Casino Group, its main customer.

In the United States, legislation on the distribution of products containing alcohol has produced a concentration of the Group's customers.

Dependency on suppliers and supply risks

The glass manufacturing sector (which supplies the Group's bottle manufacturing facilities) is dominated by a limited number of operators; even though the Group works with several of these operators, this concentration makes the Group highly dependent on them.

In the case of Scotch whisky, which is primarily marketed under the William Peel brand and accounts for a very significant portion of business volumes in France, the Group has entered into multi-year supply agreements in order to protect itself from fluctuations in purchase prices, and to guarantee sufficient amounts for its commercial requirements.

Risks relating to the competition

The markets in which the Group operates are highly competitive and very fragmented in terms of price, services, brand awareness, and product quality. The operators with whom the Group competes include large international wine and spirits groups and local distributors on some markets.

The vodka market is highly price-sensitive. Price promotion is one of the sales techniques that are used most frequently by producers and distributors.

To stand out in this competitive environment, the Group has always placed a strong emphasis on developing the image of its leading brands, which implies on-going advertising and marketing support. The Group had entered into a partnership with Bruce Willis, the American actor and producer, in 2009 to boost the reputation of its international Sobieski vodka brand. This partnership ended in early January 2014.

Seasonality

The sale of spirits has traditionally been a seasonal business. Generally speaking, the Group generates a significant portion of its sales during the year-end holidays (except for sales in Southern Hemisphere countries like Brazil, where sales increase in June, July and August). This phenomenon primarily affects the vodka business. As an illustration, sales recorded in the fourth quarter over the last two financial years accounted for 27% of average annual sales while sales in the first quarter accounted for an average of 21%.

Conversely, this rule does not apply to sales of rosé wine, which are high in June, July, and August.

Net sales, excluding excise duty	2013		2014	
	In € m	**%**	**In € m**	**%**
Q1	114,9	21%	99,2	21%
Q2	140,1	26%	123,5	26%
Q3	137,9	26%	119,9	26%
Q4	146,7	27%	124,1	27%
Total	**539,6**	**100%**	**466,7**	**100%**

Accordingly, any exceptional event that occurs during the year-end holiday season could have a material impact on the Group's results for the financial year in question.

Risks relating to the economic environment and to changes in consumption patterns

The Group's business activities and the consumption of alcoholic beverages are directly affected by the global economic environment.

During economic downturns, wine and spirits consumption levels tend to decrease because their consumption is directly correlated with the fall in consumer expenditure and with the increasing cost of living and inflation.

Generally speaking, such effects are offset by the diversified geographical breakdown of the Group's sales (Western Europe, Eastern Europe and the United States), and by the variety of its product portfolio.

1.4.3 Industrial and environmental risks

Most of the production companies of the Group are exposed to industrial and environmental risks. Generally speaking, the regulatory compliance of the sites is a priority subject for the Group. Each subsidiary monitors changes in environmental standards with the authorities involved at the various locations and in the various geographical regions.

Every production location of the Group:

- Is certified according to the international standards: ISO 9001 certification
- Have adopted the HACCP ("Hazard Analysis and Critical Control Points") standard, an international method for implementing a system designed to ensure that consumed food stuffs pose no risk to health. The standard involves identifying threats, assessing the risk of such threats occurring, and defining critical issues.

1.4.4 Legal and other risks

Legal and arbitration proceedings

The Group's companies may face legal proceedings from service providers and consumers, etc. as part of their business activities. If the Group's brand image is jeopardized, or if such litigation needs the payment of fines or other penalties such as damages and interest, the Group's business activities may be materially affected.

Legal proceedings initiated in France

Commercial proceedings

Moncigale, a BELVEDERE sub-subsidiary, and Chamarré entered into an exclusive licensing agreement regarding the use, production, and distribution of the Chamarré still wine brand for a period of 10 years on 17 August 2010. Under the terms of this agreement, Moncigale committed to pay Chamarré an annual royalty indexed on the volumes sold and the revenues generated by products sold under the Chamarré brand. The agreement provides for payment of a minimum guaranteed royalty to Chamarré by Moncigale every year.

The Nimes Commercial Court opened a safeguard procedure in favor of Moncigale on 16 June 2011. This procedure was converted into court-ordered rehabilitation proceedings by the same Court on 21 September 2011. The Court appointed an administrator to assist the company.

On 9 November 2011, the Administrator informed Chamarré of the definitive termination of the agreement pursuant to the provisions of Article L. 622-13 of the French Commercial Code.

As part of the court-ordered rehabilitation proceedings opened in favor of Moncigale, and of the statement of liabilities drawn up on the date when the proceedings opened, Chamarré lodged a receivable claim amounting to €10.7 million with the creditors' representative on 30 August 2011; this amount corresponds to the total royalties guaranteed over the 10 years of the agreement, and to an estimation of the other obligations arising from the agreement.

Chamarré lodged an additional claim "for damages and interest" amounting to €20 million on 6 December 2011, following the notice that the agreement had been breached.

These claims were disputed by the company, and were stayed by the Nîmes Commercial Court pending the decision of the Paris Commercial Court. In fact, proceedings against the bodies in charge of the Moncigale insolvency proceedings were initiated by the Official Receiver for Chamarré in the Paris Commercial Court via a summons on 8 February 2013.

Chamarré was placed under court-order rehabilitation proceedings on 31 May 2012, and its entry into liquidation proceedings was announced on 5 June 2012.

On 29 May, 2013, in parallel with these initial proceedings, Mr Torelli, the Administrator responsible for Executing the Moncigale Plan, applied to the Nîmes Commercial Court and the State Prosecutor for the termination of Moncigale's court-ordered rehabilitation plan, and to initiate insolvency proceedings against Moncigale on the grounds of failure to execute the plan.

The application stated that the plan, as drawn up by the judgement of 16 April 2013, had not been complied with, as the company had not paid a monthly amount calculated on the liabilities agreed, which had been opposed in the judgement, as it was expected to do.

The Nîmes Commercial Court ruled on this application on 21 August 2013 and stayed it pending the outcome of the proceedings in the Chamarré case.

In a judgement dated 6 February 2014, the Paris Commercial Court ruled that it did not have the appropriate jurisdiction; since this ruling has now become final, the case will now be heard in the Nîmes Commercial Court. The hearing was initially scheduled for 9 April 2014 and was deferred to 2 July 2014, then to 17 September 2014 and finally to 24 June 2015.

Proceedings involving the French Financial Markets Authority (AMF)

The AMF Sanctions Commission has initiated proceedings against the Company on the grounds of breach of its obligation to inform the public, and of failing to report transactions in its own securities as well as the crossing of thresholds, and also against Sobieski SARL and SVI on the grounds of failing to report transactions in the Company's shares. These accusations were disputed by the Company, Sobieski SARL and SVI.

On 30 April 2014, the AMF Sanctions Commission requested the application of the following sanctions against BELVEDERE SA, Sobieski SARL and SVI and condemned them to a €150,000 fine and fines of €45,000 for Sobieski and €15,000 for SVI. In accordance with the established practice, this decision is available on AMF's website.

The 3 companies made appeal regarding that decision and the procedure is still on going before the Paris Court of Appeal. Hearing is expected on 14 January 2016.

Proceedings involving M. Erick Antony Skora

M. Erick Antony Skora assigned the company Marie Brizard & Roger International before the Creteil Commercial Court as of 3 February 2015. He claims the payment of an end-of-service allowance for €458k and the financial counterpart of its non-competition clause according to the terms of a contract named "non-competition commitment" for an amount of €317k. He claims also the payment of €100k for moral prejudice due to wrongful exercise of right to revoke by Marie Brizard & Roger International and €27k for material prejudice. The total amount of claims is of €917k.

The company Marie Brizard & Roger International is contesting the validity of those claims. That proceeding is currently pending before The Creteil Commercial Court.

Proceedings initiated in Poland

Proceedings involving the Krupnik brand.

Proceedings involving the Krupnik brand were initiated by a Group Subsidiary, Destylarnia Sobieski, against Toorank Polska Sp. z.o.o, for illegal use of said brand. The Subsidiary, which owns the Krupnik brand, believes that Toorank Polska Sp. z.o.o is marketing products under that brand name.

An initial letter of warning was sent to Toorank Polska Sp. z.o.o but had no effect. Consequently, the Subsidiary decided to initiate proceedings against Toorank Polska Sp. z.o.o in the Lublin Court on the grounds of unfair competition, and breach of exclusive rights to a registered brand.

Toorank Polska Sp. z.o.o stated that Krupnik, registered under the name of Destylarnia Sobieski since 1997, had no validity as a verbal trademark since that word is used as the usual denomination for honey spirits in Poland and has no distinctive form. Toorank Polska Sp. z.o.o stated that it cannot be registered as a trademark with exclusive rights.

The Polish Patents Office took into account the arguments of Toorank Polska Sp. z.o.o and cancelled the Krupnik verbal trademark on 3 October 2012. This decision was upheld in a judgement issued by the Voievodie Appeal Court on 22 January 2014. Then, the Supreme Administrative Court ruled that the appeal brought by the company Destylania Sobieski was not receivable. The invalidity of the trademark must be considered as definitive.

Nevertheless, that decision should have no effect regarding the proceeding engaged on the grounds of unfair competition that is still on going.

The brand Krupnik associated with graphic elements was registered in Poland and abroad. The other uses of the Krupnik brand (in Poland and abroad) should not be called into question.

Finally, the invalidity of the verbal trademark does not prevent the use by Destylarnia Sobieski of the original bottle with the name Krupnik on it, particularly well known in Poland as well as in other European markets.

Tax risks

BELVEDERE SA, as well as companies within the tax consolidation group were subject to an examination of its accounts that began on 19 January 2009. For most of the companies, the examination is about income taxes, Value Added Taxes and other taxes for the period from 1 January 2006 to 31 December 2007.

The total amount of tax adjustments amounted to €25.4m (increases and deferral interests included) from which €17.9m linked to Income Taxes adjustments, €6.7m linked to adjustments regarding taxes deducted at source, €0.6m linked to social contribution adjustments and €0.2m linked to VAT adjustments.

These adjustments are primarily related to the deduction of interest expense connected with the FRN loan (Floating Rates Notes) subscribed for the purpose of the Duke Street/Marie Brizard acquisition. That FRN loan is subject to the laws of the State of New York.

The adjustments observed in those proposals of corrections, regarding interest expenses of the FRN loan amounted to €15.8m for 2006 and to €28.1m for 2007. Those adjustments incurred recalls regarding income taxes for €15.1m for 2006 and 2007 as well as recalls regarding taxes deducted at source for €5.3m for 2006.

Those adjustments were assessed on April 2012.

The Group objected to those adjustments via an appeal, and lodged claims in the Montreuil Administrative Court. It also asked for a suspension of payments.

On 29 September 2014, two judgments were rendered in the frame of those cases described here before, all unfavorable to the company.

Appeals have been lodged against those judgments on 25 February 2015 before the Versailles Administrative Court of Appeal.

The tax receivable should, if it is confirmed, be cleared in the frame of the continuation plan approved by the Dijon Court. BELVEDERE is considering that no dividend payment in the frame of the continuation plan can be done to the benefit of the tax administration until those receivables are considered litigious and not definitively admitted.

In the light of these elements and the confidence of BELVEDERE on a favorable outcome of this litigation, no provision has been recorded. A provision of €3.5m is still recorded in the financial statements as regard the other adjustments.

In the hypothesis of a rejection of the appeal by the Versailles Administrative Court of Appeal, the Group should pay the amounts due for 2006 and 2007 as described here before. Moreover, the Group could be obliged to reimburse the amounts received in the frame of the reimbursement of the carry-back for 2008 for €10.4m. In case of reconsideration of the deductibility of FRN interests for previous financial years, the adjustments would reduce the tax loss carryforward.

It is reminded that BELVEDERE obtained confirmation that it will receive the reimbursement of a carry-back receivable of €31 m. As expected by the Group's Management, the sum of €31 million was returned to BELVEDERE on 26 February 2015.

1.4.5 Country Risks

Ukraine

BELVEDERE's Ukrainian subsidiary, BELVEDERE Ukraine LLC, was placed in court-ordered liquidation in January 2014, based on a decision by the Kiev Commercial Court following proceedings initiated at the request of one of the company's creditors in July 2011.

BELVEDERE holds around 85% of Belveder Ukraine LLC's overall debt.

In November 2014, the assets of Belveder Ukraine LLC (regardless of whether this involves the shares in subsidiaries held by the company that is being liquidated, or the actual assets of those subsidiaries, which are now controlled by the liquidator appointed by the Kiev Commercial Court) were transferred to a third party outside BELVEDERE's control.

Regarding several actions of the company, on April 2015, the Kiev Tribunal accepted claims of the Company and invalidated the sale of assets that intervened in November 2014 and ordered the re-opening to the liquidation procedure.

Bulgaria

During the first couple of weeks of January 2015, the company recovered the whole ownership of its subsidiaries and activities in Bulgaria at the end of a legal, diplomatical and public proceeding following a case opened in November 2014. In that frame, the Bulgarian Justice put companies of the Group under the authority of a court officer according to highly questionable grounds and not applicable with common law.

Sales in Bulgaria represented less than 1% of total revenues of the Group.

The company is now able to operate its activities in Bulgaria despite damages caused by the Court Officer.

> The Company is awaiting the nomination by Sofia Tribunal of 3 experts according to the request made by itself and the company AgroTechnology during March 2015, regarding the solvability of two of its subsidiaries i.e. Domain Menada and BELVEDERE Distribution. The nomination of 3 experts should occur in the short term.

1.4.6 Insurance and risk coverage

Every Group Subsidiary is required to arrange insurance in order to cover its operating risks, the specific risks relating to its business activities, and its civil liability. The insurance policies are subscribed locally and are suited to the country's specific legislation and risks. There was no pooled management of insurance policies as at the date of the Registration Document but the pooling should be set up during 2015. The main policies of the Group's major subsidiaries are summarized below.

The Subsidiaries have arranged the following insurance schemes in each country:

- Direct damage to property: this cover includes movable and immovable property, such as buildings, machinery and equipment;
- Operating loss insurance;

- Civil liability insurance: these schemes are suited to specific local conditions, and provide comprehensive cover (unless there is an exclusion) for any material and non-material damage caused to third parties. In the United States, an "umbrella" policy for the commercial activities relating to the sale of alcohol and other country-specific obligations has been subscribed. Furthermore, BELVEDERE has subscribed to a specific insurance policy covering its corporate officers' civil liability.

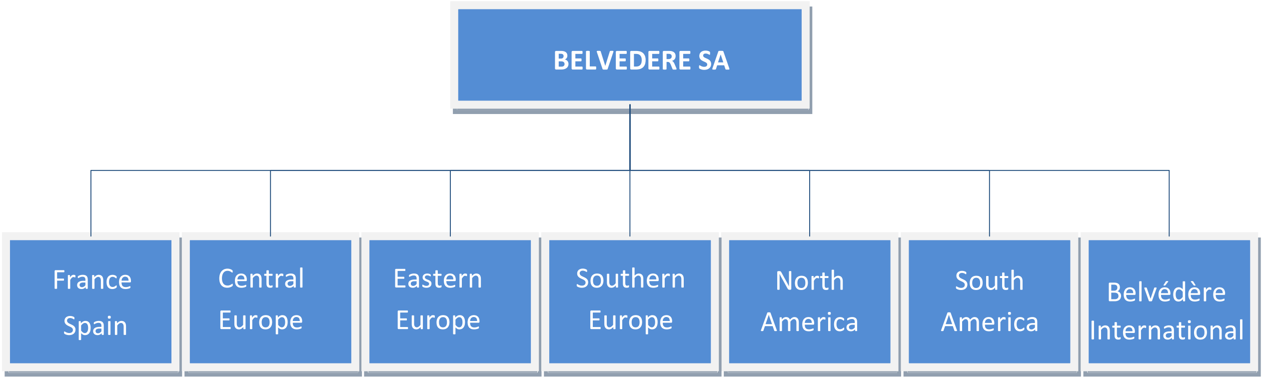
1.4.7 Market Risks

Liquidity, Interest Rate and Counterparty risks as well as equity risk are described in Notes 6.5. of the notes to the consolidated financial statements.

1.5 Description of the group

1.5.1 Description of the Group as at the date of the Registration Document

Simplified flowchart according to the main region of activities of the Group:



BELVEDERE, the Group's parent company, primarily operates as a holding company, and owns some of the brands marketed by the Group's subsidiaries.

The Group produces spirits and wines, primarily in Poland, France, Spain, Lithuania and Bulgaria. Some regions have a more specialized production: in Poland and Lithuania, vodkas are the main focus of production, while production in Bulgaria focuses on wines.

1.5.2 Subsidiaries and holdings as at 31 December 2014

The table of Subsidiaries and holdings is published in the Company's financial statements for the year ended 31 December 2014.

2014

3 Ukrainian companies (BELVEDERE Ukraina, Italiano Ukrainian and Boisson Elite) are out of the consolidation scope. Those companies, from which the commercial activity was largely decreasing and from which the outlooks were compromised, were liquidated on 22 January 2014. The Group having lost control of those entities, they were no more consolidated starting beginning of 2014. In order to hedge its exposure in Ukraine, the Group depreciated whole of its receivables regarding those entities for €4.3m.

Besides, in Poland, the company "Hasis" was merged with Sobieski Trade during the 1st semester of 2014.

On 4 December 2014, the transfer of estate (called "TUP") of the company 'les Distilleries Françaises' to the profit of Marie Brizard & Roger International was definitively completed, thanks to the lack of opposition of creditors according to the time limit given to them.

2013

There was no change in the consolidation scope during the 2013 financial year.

Please note the change in the percentage interest held in the Bulgarian subsidiaries between 31 December 2012 and 31 December 2013. On 30 September 2013, at a cost of €1, BELVEDERE bought back a 12.3% stake in BELVEDERE Capital Management, its Bulgarian subsidiary, from the Polish subsidiary Sobieski Spolka, thereby increasing its interest in BELVEDERE Capital Management to 100%.

Re-invoicing flows between certain Subsidiaries and the Company are set out in the Statutory Auditors' special report on the regulated agreements and undertakings for the financial year ended 31 December 2014.

2012

One company was founded in Latvia in May 2012, namely BELVEDERE Distribution SIA Latvia, a wholly-owned subsidiary of BELVEDERE Prekyba, the Lithuanian company. This company had no significant business activities in the 1st half of 2012.

In July 2012, Galliart Group, the Belarus company, was founded via a transfer of assets from Galliart, another Belarus company. The former company is wholly-owned by the latter. Galliart Group is intended to serve as the holding company for certain Group real estate assets in Belarus, and conducts no business activities.

Significant minority interests in subsidiaries not wholly-owned by the Group

Dovile Zaromskyte (a private individual) holds 20% of the share capital and voting rights of BELVEDERE Baltic (Lithuania), as well as 40% of the share capital and voting rights of BELVEDERE Prekyba (Lithuania).

Skandinaviska Enskilda Banken (Sweden) holds 9.2% of the share capital and voting rights of Vilnius Degtine (Lithuania), while Darius Zaromiski (a private individual) holds 14.8% of the share capital and voting rights, and Daiva Zaromskiené (a private individual) owns 5% of the share capital and voting rights.

1.6 Investment policy

1.6.1 Industrial Policy and incurring challenges

The Group owns its industrial real estate assets in most cases. It also benefits from long-term leases arising from the acquisition process for Polmos (distilleries) in Poland: these leases grant the Group a right of usufruct over the land concerned for a period of 99 years.

The Group also owns vineyards in Bulgaria and several real estate assets as well as a land in Krakow.

The Group has seventeen main industrial sites with activities of production, distillation, assembly, aging, packaging, and bottling. The operating assets of the Group and their maintenance or improvement are major concerns. It constitutes a level of fixed tangible assets of €216.6m as at 31 December 2014.

Most of the Group's plants are ISO compliant. In the case of sites that are located in urban areas, the risk of pollution or fire is subject to audit and prevention procedures that are formally set down with the regional or district departments concerned. Plants acquired by the Group are renovated and made compliant with environmental, health and safety standards.

The Group implements a responsible environmental policy in each country where it has production sites. To the Company's knowledge, there was no industrial process within the Group that could call into question the impact of its activities on the environment.

1.6.2 Main Capital expenditures

€000	2012	2013	2014
Lithuania	1,118	243	211
Bulgaria	735	1,547	160
Poland	947	1,321	2,263
Western Europe	1,028	1,177	1,986
Holding company	7	3	84
Other countries	229	275	141
Total capital expenditure	**4,064**	**4,565**	**4,847**

The Group's capital expenditures focus primarily on improving and renewing the production equipment.

1.6.3 Main investments to come

In the frame of BiG 2018 plan announced by the company last December, the upgrade of the industrial footprint is a major challenge. Consequently, some investments have to be made in order to:

- Insource distillation and rectification capacities for vodka production,
- Secure and upgrade Fruits & Wine production,
- Review the industrial footprint for liquor production,
- Reconfigure the logistics network.

For example, in 2015, BELVEDERE Group forecast investments of approximately €14.9m in order to:

- Move the production site of Bordeaux in existing production sites,
- Improve the distillation / rectification processes in Lithuania,
- Modernize the production capacities for the Fruits & Wine part.

1.7 Governance and remuneration

1.7.1 Board of Directors and Managing Directors

At the date of the current report, members of the Board of Directors are as follows:

	Function	Appointment or last renewal	End of mandate	Other mandates within the Group	Other mandates outside the Group
Benoit Hérault	Chairman of the Board of Directors Independant Director	Appointed during the General Meeting of Shareholders on 30 September 2013 Appointed Chairman on 16 September 2014	General Meeting of Shareholders to be held to approve the financial statements for the year ending 31 December 2018	-	**Current mandates:** Member of the Board of Directors and Member of the Investment Committee of Alstria REIT Member of the Board of Directors and Chairman of the Audit Committee of SIIC de Paris Senior Advisor of Westbrook Advisors
Rita Maria Zniber	Director representing Diana Holding	Appointed during the General Meeting of Shareholders on 16 September 2014	General Meeting of Shareholders to be held to approve the financial statements for the year ending 31 December 2019	-	**Current mandates :** CEO of Diana Holding Member of the Board of Atlas Bottling Company Member of the Board of Seven Up Member of the Board of Bouchons Préformés Chairman of the Board of Mr Renouvo Chairman of the Board of Ebertec Chairman of the Board of Thalvin Chairman of the Board of Domaines Ouled Thaleb Chairman of the Board of Celliers de Meknes Chairman of the Board of Maassera Brahim Zniber Chairman of the Board of Domaines Brahim Zniber Chairman of the Board ofDécouvertes & Loisirs Administrateur de Société Nouvelle de Volailles Member of the Board of SES Warren Manager of Domaine Namir Manager of Domaine Tala Manager of Boufekrane Winery Manager of Zayanes Winery Manager of Domaine de Triffa Manager of Gharb Winery Manager of Domaine Livia Manager of Riad de la Clémentine Co-Manager of K'Ozibar Manager of Biocompost Brahim Zniber Manager of Peppinière Brahim Zniber Manager of Akaragro Manager of Celliers du Gharb Manager of Viticole du Sais Co-Manager of Olivim

Jacques Bourbousson	Independant Director	Co-opted by the Board of Directors on 11 February 2013, and decision ratified during the General Meeting of Shareholders on 30 September 2013	General Meeting of Shareholders to be held to approve the financial statements for the year ending 31 December 2015	Member of the Audit Committee Member of the Nominations and Remunerations Committee	-
Constance Benqué	Independant Director	Appointed during the General Meeting of Shareholders on 30 September 2013	General Meeting of Shareholders to be held to approve the financial statements for the year ending 31 December 2018	Member of the Nominations and Remunerations Committee Member of the working group dedicated to "Strategic Committee"	**Current mandates:** CEO and member of the Board of Directors of Hachette Filipacchi (SA) CEO Lagardère Digital France (SAS) CEO of Lagardère Global Advertising (SAS) CEO of Lagardère Publicité (SAS) CEO and member of the Board of La Place Média (SAS) Co-manager of Hachette Filipacchi Associés (SNC) Co-manager of Lagardère Métropoles (SARL) Standing Invitée of Lagardère Publicité and Member of the Board of Média Institute (Association) CEO and member of the Board of la Fondation Elle (Fondation) Independant member of the Board of Voyageurs du Monde Independant member of the Board of Fondation Air France
Christine Mondollot	Independant Director	Appointed during the General Meeting of Shareholders on 30 September 2013	General Meeting of Shareholders to be held to approve the financial statements for the year ending 31 December 2018	Chairman of the Nominations and Remunerations Committee Member of the working group dedicated to "Strategic Committee"	**Current mandates:** Member of the Board of Directors of Fleury Michon Member of the Board of Directors of Vivarte **Other mandates held during the last 5 years:** Director of BHV CEO of Virgin France & International CEO of Virgin Mega
Benoit Ghiot	Independant Director	Appointed during the General Meeting of Shareholders on 16 September 2014	General Meeting of Shareholders to be held to approve the financial statements for the year ending 31 December 2019	Chairman of the Audit Committee	**Current mandates:** CFO of D'Ieteren SA Member of the Board of Directors and Chairman of the Audit Committee of Belron SA Member of the Board of Directors of Volkswagen D'Ieteren Financial Services SA Member of the Board of D'Ieteren Treasury SA Member of the Board of D'Ieteren Vehicle Glass SA Member of the Board of D'Ieteren Trading BV Member of the Board of Dicobel SA
Mehdi Bouchaara	Director representing Diana Holding	Co-opted by the Board of Directors on 24 October 2014, decision to be ratified during the next General Meeting of Shareholders	General Meeting of Shareholders to be held to approve the financial statements for the year ending 31 December 2018	Member of the Audit Committee Member of the working group dedicated to "Strategic Committee"	**Current mandates:** Development and Strategic Adisor for Diana Holding **Other mandates held during the last 5 years:** Deputy Director of "Celliers de Meknès"

During the meeting of the Board of Directors on 28 July 2014, M. Krzystof Trylinski stated that he was submitting his resignation as a member and Chairman of the Board of Directors for personal reasons. In order to ensure an efficient transition period, M. Krzystof Trylinski agreed to hold its positions until the next General Meeting of Shareholders due on 16 September 2014. The Board of Directors had decided to appoint M. Benoît Hérault as Chairman of the Board of Directors . He began its functions starting 16 September 2014.

During the Board of Directors held on 16 September 2014, Mrs. Rita Zniber was appointed member of the Board as a representative of Diana Holding, thus 1st shareholder of the company. M. Benoit Ghiot was appointed as an independent member.

The Board of Directors gathered on 24 October 2014, following the recommendations of its Nominations and Remunerations Committee, decided unanimously to co-opt M. Mehdi Bouchaara as a second member of the Board as a representative of Diana Holding and to create a position of Standing Invitee (without right to vote) for M. Serge Heringer as a representative and expert of Diana Holding. M. Mehdi Bouchaara was also appointed member of the Audit Committee for which M. Benoit Ghiot was appointed Chairman replacing M. Benoît Hérault. M. Serge Heringer was also appointed Standing Invitee to the Audit Committee.

It is indicated that the ratification of the co-optation of M. Mehdi Bouchaara as member of the Board of Directors will be subject to approval of the shareholders during the next General Meeting.

Those appointments take into account the role of Diana Holding as 1st shareholder of the company and are made in the frame of long-term industrial, commercial and financial partnerships.

At the date of the current report, Directorship is as follows:

	Function	Appointment or last renewal	End of mandate	Other mandates within the Group	Other mandates outside the Group
Jean Noel Reynaud	CEO	Appointed during the Board of Directors of 27 March 2014 - effective on 5 May 2014	Unknown period of time	Manager of Sobieski SARL Permanent Representative of Belvédère CEO of Marie Brizard & Roger International CEO of Cognac Gautier, William Pitters and Moncigale	**Current mandates: -** **Other positions held during the last 5 years:** CEO of Lorenz Bahlsen Snack World - Poland CEO of Coca Cola Beverages in Ukraine Director of Lactalis Europe

M. Jean-Noël Reynaud

Before joining the Group in 2014, Jean-Noël Reynaud was Deputy Director of Lactalis Europe. He has 15 years of experience as Director in particular in Eastern Europe (Coca Cola beverages Ukraine, Lorenz Bahlsen Snack world, Bols sp zoo). He is also experienced in the wine and liquor markets thanks to several International Managerial positions such as for Remy Cointreau Group. In addition to French, Japanese, English and German, Jean Noël Reynaud speaks also Polish.

There is no family relationship between the persons mentioned in this Section.

To the Company's knowledge, no member of the Board of Directors or the General Management has been the subject:

- of a conviction for fraud in the last five years at least;
- of a bankruptcy, sequestration or liquidation, as either a Director or company representative in the last five years at least;
- of a conviction and/or official public penalty pronounced by the statutory or regulatory authorities in the last five years at least.

Furthermore, to the Company's knowledge, no company representative has been prevented by a court to act as a member of one of the administrative, management or supervisory bodies of a public company or from being involved in the management or conduct of business of a public company in the last five years at least.

1.7.2 Remuneration of the members of the Board of Directors and of the Directors

The remuneration granted to the Company's Directors and its representatives is listed below and is presented in accordance with the principles of the AFEP/MEDEF corporate code of governance and current regulations.

Subject to what is stated in this section, no payment shall be made for departures, for whatever reason, of members of the Board of Directors, or Directors who represent the company.

Remuneration, options and shares allocated to each Director and company representative

It is reminded that the Nominations and Remunerations Committee, in accordance with its mandates, submitted several applications to the Board of Directors for the position of Chief Executive Officer.

On 27 March 2014, the Board of Directors chose, subject to the approval of its position by the chosen applicant, to:

- Dissociate the functions of the Chairman of the Board of Directors from those of the Chief Executive Officer;
- Extend the term of the mandates of M. Krzysztof Trylinski as member and Chairman of the Board of Directors until the end of its mandate;
- To appoint M. Jean-Noël Reynaud as Chief Executive Officer of the company.

On 31 March 2014, the Board of Directors noted the approval of Jean-Noël Reynaud and confirmed its appointment as Chief Executive Officer. It is indicated that it was effective starting 5 May 2014.

Besides, during the meeting of the Board of Directors on 28 July 2014, M. Krzystof Trylinski stated that he was submitting his resignation as a member and Chairman of the Board of Directors for personal reasons. In order to ensure an efficient transition period, M. Krzystof Trylinski agreed to hold its positions until the next General Meeting of Shareholders due on 16 September 2014. The Board of Directors had decided to appoint M. Benoît Hérault as Chairman of the Board of Directors. He began its functions starting 16 September 2014.

	2013	2014
M. Krzystof Trylinski Chairman of the Board - CEO	**429 136 €**	**181 379 €**
Due Remuneration allocated during the financial year	429 136 €	181 379 €
Pluriannual Variable Remuneration allocated during the financial year	0 €	0 €
Value of options allocated during the financial year	0 €	0 €
Value of free-shares allocated during the financial year	0 €	0 €

	2013	2014
M. Jean Noel Reynaud Chief Executive Officer	**-**	**424 222 €**
Due Remuneration allocated during the financial year	-	424 222 €
Pluriannual Variable Remuneration allocated during the financial year	-	0 €
Value of Options allocated during the financial year	-	0 €
Value of Free-Shares allocated during the financial year	-	0 €

Detailed remuneration allocated to each Director and company representative

	2013		2014	
	Due Remuneration	Paid Remuneration	Due Remuneration	Paid Remuneration
M. Krzystof Trylinski Chairman of the Board - CEO				
Fixed remuneration	429 136 €	429 136 €	181 379 €	181 379 €
Annual Variable Remuneration	0 €	0 €	0 €	0 €
Pluriannual Variable Remuneration	0 €	0 €	0 €	0 €
Extra-ordinary Remuneration	0 €	0 €	0 €	0 €
Attendance Fees	0 €	0 €	0 €	0 €
Benefits in Kind	0 €	0 €	0 €	0 €
Total	**429 136 €**	**429 136 €**	**181 379 €**	**181 379 €**

	2013		2014	
	Due Remuneration	Paid Remuneration	Due Remuneration	Paid Remuneration
M. Jean Noel Reynaud				
Chief Executive Officer				
Fixed remuneration	-	-	183 556 €	183 556 €
Annual Variable Remuneration	-	-	240 666 €	0 €
Pluriannual Variable Remuneration	-	-	0 €	0 €
Extra-ordinary Remuneration	-	-	0 €	0 €
Attendance Fees	-	-	0 €	0 €
Benefits in Kind	-	-	0 €	0 €
Total	**-**	**-**	**424 222 €**	**183 556 €**

Attendance fees and other remunerations received by the members of the Board of Directors

	2013	2014
M. Benoit Hérault		
Chairman of the Board of Directors		
Attendance Fees	-	96 233 €
Other Remunerations	-	0 €
Ms. Rita Maria Zniber		
Member of the Board of Directors		
Attendance Fees	-	0 €
Other Remunerations	-	0 €
M. Jacques Bourbousson		
Member of the Board of Directors		
Attendance Fees	20 000 €	70 000 €
Other Remunerations	-	5 000 €
Ms. Constance Renqué		
Member of the Board of Directors		
Attendance Fees	0 €	56 250 €
Other Remunerations	0 €	0 €
Ms. Christine Mondollot		
Member of the Board of Directors		
Attendance Fees	0 €	87 500 €
Other Remunerations	0 €	0 €
M. Benoit Ghiot		
Member of the Board of Directors		
Attendance Fees	-	20 329 €
Other Remunerations	-	31 875 €
M. Mehdi Bouchaara		
Member of the Board of Directors		
Attendance Fees	-	8 384 €
Other Remunerations	-	0 €

Attendance fees and other remunerations received by the members of the Board of Directors who left in 2014

	2013	2014
M. Pascal Bazin		
Member of the Board of Directors		
Attendance Fees	0 €	70 000 €
Other Remunerations	0 €	0 €

It will be proposed to the shareholders during the next General Meeting to allocate attendance fees for a total amount of €465,000 to split between the members of the Board of Directors.

Conflicts of interest within the administrative bodies and the Directorship

To the Company's knowledge, there is no conflict between the private interests of the members of the Company's administrative bodies and the Company's interests.

Shares owned by the members of the Board of Directors or Executive Directors

It is indicated thereafter a detail summary of the transactions of shares realized by Board members or the Executive Directors (or closely connected persons) during the financial year ending 31 December 2014, according to the information communicated to BELVEDERE:

- Number of shares transmitted: 0
- Number of shares acquired: 2,840,000 shares acquired by Diana Holding, to which Ms. Rita Maria Zniber and M. Mehdi Bouchaara are close
- Number of shares subscribed : 0
- Number of shares swapped : 0

It is indicated that on 13 March 2015:

- M. Benoit Herault acquired 871 shares of the company;
- Ms. Constance Benque acquired 513 shares of the company;
- M. Benoit Ghiot acquired 1,000 shares of the company;
- CM Consulting, connected to Ms. Christine Mondollot, acquired 412 shares of the company.

At the date of the current report, the following members of the Board of Directors stated that they owned:

- M. Jacques Bourbousson : 2 shares of the company;
- M. Mehdi Bouchaara : 25 shares of the company;
- Mrs. Rita Maria Zniber : 1,300 shares of the company.

On 26 March 2015, Diana Holding, to which Ms. Rita Maria Zniber and M. Mehdi Bouchaara are close, declared to have acquired 1,560,000 shares meaning that it owned 16.6% of the capital or 16.5 % of the voting rights of the company.

Stock options allocated during the year to members of the Board of Directors or Executive Directors

Not applicable

Stock options exercised during the year by members of the Board of Directors or Executive Directors

Not applicable

Performance shares allocated to members of the Board of Directors or Executive Directors

Not applicable

Stock options granted to and exercised by the ten highest non-Director employee beneficiaries

Not applicable

It is indicated that the Board of Directors decided on 12 March 2015 to allocate 9,320 free shares and 480,000 stock purchase or stock subscribe options to some employees and Managers of the Group.

This decision was authorized by the General Meeting of shareholders gathered on 16 September 2014. It will enable to align the interests of the recipient and those of the Group's shareholders.

Allocation of free shares
The Board of Directors has thus decided to allocate 20 free shares to each employee of BELVEDERE SA and its French subsidiaries, i.e. a total of 9,320 free shares. These free shares will be definitively acquired following a 2-year period from the date of their allocation, the only condition being that the member of staff should still be with the Company at that time – there are no specific performance-related conditions. These shares will be non-transferable for a period of 5 years from the date of acquisition.

Allocation of options subject to performance conditions
The 480,000 subscription or purchase options (the Options) are to be allocated to 26 BELVEDERE group managers, including CEO Jean-Noël Reynaud, who will be allocated 110,000 Options.

Each of these Options will give the holder the right to subscribe or to purchase 1 BELVEDERE SA share at a unit price of €10.64, calculated on the basis of BELVEDERE's average opening price over the 20 trading sessions preceding the date of the Board of Directors' meeting.

The Options thus allocated may only be exercised in stages and in accordance with performance conditions being achieved under the following conditions:

- A maximum of 20% of the allocated Options may be exercised in 2015, subject to a specific consolidated operating profit from continuing operations being recorded based on the Group's consolidated accounts for the financial year to 31 December 2014, although a certain number of these Options may nevertheless be exercised if this objective were partially achieved;
- A maximum of 20% of the allocated Options may be exercised in 2016, subject to a specific consolidated ratio (EBITDA/Sales) being recorded based on the Group's consolidated accounts for the financial year to 31 December 2015, although a certain number of these Options may nevertheless be exercised if this objective were partially achieved; and
- A maximum of 60% of the allocated Options may be exercised in 2018, subject to a specific consolidated ratio (EBITDA/Sales) being recorded based on the Group's consolidated accounts for the financial year to 31 December 2017, although a certain number of these Options may nevertheless be exercised if this objective were partially achieved.

	Plan # and Date	Nature	Value of the options in the financial statements	Number of options allocated	Exercise price	Exercice period
Jean Noel Reynaud Chief Executive Director	#1 12 March 2015	Subscription	Na *	110,000 options giving right to 110,000 shares	€10.64	20 % in 2015 according to 2014 results 20 % in 2016 according to 2015 results 60 % in 2018 according to 2017 results

* : This plan was set up in March 2015 and its valuation is not yet taken into account in the financial statements for 2014

The Board of Directors will confirm whether these performance conditions have been met, bearing in mind that the allocation plan also requires the holders of these Options to still be with the Group when these Options are exercised.

As well as the requirement to retain 50% of their shares for a 2-year period from the corresponding exercise dates of these Options laid out by the Board of Directors, with which all Option beneficiaries must comply, Mr Jean-Noël Reynaud will have to retain, as registered shares, at least 20% of the shares resulting from the exercising of his Options until he leaves his position as CEO, in accordance with article L.225-185 paragraph 4 of the French Commercial Code.

Summary of the allocations of options

General Meeting of Shareholders 16 September 2014		Plan #1	Plan #2
Board of Directors		12 March 2015	
Number of shares that could be subscribed		480 000	
Members of the Board or Directors			
	M. Jean Noel Reynaud	110 000	
Starting point of the Options		20 % starting 2015, according to 2014 results 20 % starting 2016, according to 2015 results 60 % starting 2018, according to 2017 results	
Expiry Date		12 March 2020	
Subscription Price		10,64 €	
Exercising features		1 option for 1 share	
Number of shares subscribed as of the date of the report		Nil	
Cumulated number of Options cancelled or obsolete		Nil	
Number of options outstanding as of the date of the report		480 000	

Executive Directors: social status

	Employment Contract	Additional pension scheme	Remuneration, compensation or benefit items due or likely to be due as a result of taking up, resigning or changing duties	Compensation relating to a non-competition clause
Krzysztof Trylinski CEO	No	No	Yes, please refer to notes to the financial statements	No
Jean Noel Reynaud Director	No	No	No, except for legally required severance payments	No

Amounts established or provisioned for by the Company or its subsidiaries for the purposes of the payment of pensions, retirement commitments or other benefits

At the date of the current report, the company and its subsidiaries have provisioned the following amounts:

In € 000	31-Dec-12	31-Dec-13	31-Dec-14
Expenses linked to post employment benefits	63	0	0
Expenses linked to post termination benefits	na	na	na

Within the global limit decided by the General meeting of shareholders and after consultation of its Nominations and Remunerations Committee, the Board of Directors allocate attendance fees to the members of the Board and may allocate to members of special Committees an additional amount of attendance fees taking into account the time given by the members to those Committees.

The General meeting of shareholders that met on 16 September 2014 set out the amount of attendance fees at €445,000.This amount must be shared between the members of the Board of Directors for the current year.

On 24 October 2014, the Board of Directors decided to allocate the attendance fees as follows:

- €100,000 to the Chairman of the Board
- €45,000 to the other members of the Board
- €25,000 to each Chairman of Special Committees

For 2014, the amount of attendance fees that were not assigned was of €25,000.

1.7.3 Functioning of management and supervisory bodies

Information concerning the service contracts binding the members of the Board of Directors to the issuer or to any of its subsidiaries and providing benefits

There are no other contracts binding the member of the Board of Directors or the Executive Directors to the Company or its subsidiaries than those detailed in the special report of Statutory Auditors about regulated agreements and commitments.

Committees

Since 2013 and particularly since the appointment of independent Directors, the Board of Directors has introduced several specialized committees. The Company thus initiated procedures with a view to improve compliance with best practices in matters of corporate governance.

- The Company's Board of Directors, at its meeting on 11 February 2013, decided to create an ad hoc committee known as the "Governance Committee", whose members were Krzysztof Trylinski, Chairman and CEO, Frédéric Abitbol (the Company's court-appointed administrator) and Jacques Bourbousson, co-opted as a Director on 11 February 2013.
- The Governance Committee's remit was to (i) review and propose potential future independent Directors for the Board of Directors, (ii) prepare the composition of an audit committee as well as a remunerations committee, and (iii) propose draft in-house rules for the Board of Directors, the audit committees and the remunerations committee. After the completion of its objectives, this Committee was dissolved.
- On 30 September 2013, the Company's Board of Directors decided to introduce a Nomination Committee in order to identify candidates for Company Chairman and/or Managing Director.
- On 10 October 2014, the Nominations Committee was merged with the Remunerations Committees created on 30 October 2013 in order to have a unique Committee named: Nominations and Remunerations Committee.

At the date of the current report, this latter is composed of Mrs. Christine Mondollot, Mrs. Constance Benque and M. Jacques Bourbousson, Mrs. Mondollot being Chairman of this Committee.

- The Company's Board of Directors meeting of 11 October 2013 decided to introduce an Audit Committee. The Audit Committee is composed of M. Jacques Bourbousson, M. Mehdi Bouchaara and M. Benoît Ghiot, who was also appointed as Chairman of the said committee. Serge Heringer is also standing invitee to the Audit Committee.
- On 25 June 2014 and 24 October 2014, the Board of Directors decided to constitute a working group called "Strategic Committee" that is composed of Mrs. Christine Mondollot (also Chairman of this Committee) and Mrs. Constance Benque and M. Mehdi Bouchaara. Mr. Serge Heringer is also standing invitee to this working group.
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Corporate governance

Chairman's report relating to corporate governance and internal controls is available in paragraph 4.1 of the Annual Financial Report.

1.8 Workforce

1.8.1 Workforce Evolution

The table hereafter summarizes the workforce evolution during the last 3 years:

	2012	2013	2014
Employees	3 142	2 975	2 493

The table hereafter details the workforce breakdown as at 31 December 2014:

	Workforce breakdown as at 31 December 2014		
	Managers	**Employees**	**Total**
Belvédère SA	19		19
Sobieski SARL	1	2	3
Holdings	**20**	**2**	**22**
William Pitters	15	36	51
Cognac Gautier	5	30	35
Marie Brizard	83	107	190
Moncigale	20	157	177
France	**123**	**330**	**453**
MB Espagne	33	42	75
Spain	**33**	**42**	**75**
Sobieski SP zoo	38	192	230
Destylernia Sobieski	20	230	250
Polmos Lancut	15	149	164
Domain Menada Sp z.o.o.	19	42	61
Sobieski Trade	74	475	549
Galerie Alkoholi Sp. z o.o.	59	94	153
Augustowianka	5	29	34
Destylernia Polmos Krakow	8	17	25
Poland	**238**	**1 228**	**1 466**
Belvedere Baltik	2		2
Belvedere Prekyba	64	18	82
Dunkeris LT	2		2
Vilniaus degtine	67	92	159
Lithuania	**135**	**110**	**245**
Belvedere Distribution SIA	1	5	6
Latvia	**1**	**5**	**6**
Vinimpex	4	1	5
Menada Vineyards	1	22	23
Belvedere Distribution	14	22	36
Domain Menada	14	68	82
Belvedere Capital Management	1	1	2
Belvedere Bulgaria	1	1	2
Bulgaria	**35**	**115**	**150**
Imperial Brands	15	19	34
USA	**15**	**19**	**34**
Dubar (GM Brazil, BVD SA, included	1	19	20
Brasil	**1**	**19**	**20**
Belvedere Scandinavia	3	5	8
Denmark	**3**	**5**	**8**
Sobieski Trading Shanghai Co.	0	2	2
China	**0**	**2**	**2**
Sobieski Beverages India	9	2	11
India	**9**	**2**	**11**
Sobieski Ukraina	1		1
Ukraina	**1**	**0**	**1**
TOTAL	**614**	**1 879**	**2 493**

1.8.2 Share capital owned by employees

Historically, the company has no knowledge of an important ownership of BELVEDERE shares by the employees.

In order to motivate employees and managers, especially in the frame of the strategic plan "BiG 2018", the General Meeting of Shareholders approved on 16 September 2014 3 motions:

- Delegation of Authority to the Board of Directors of the company in order to proceed to the allocation of Options (stock purchase or stock subscribe) to the benefit of employees, managers and Directors of the Group and the companies of the Group ;
- Delegation of Authority to the Board of Directors of the company in order to proceed to the allocation of free shares to the benefit of employees, managers and Directors of the Group and the companies of the Group ;
- Delegation of Authority to the Board of Directors of the company in order to proceed to one or several capital increase(s) in cash exclusive to employees participations in a company savings plan, in conformity with articles L.225-129-6, alinéa 1 of the Commercial Code and of L.3332-1 of "Code du travail", without preferential subscription rights for existing shareholders

On the basis of those authorizations, the Board of Directors decided on 12 March 2015 the allocation of 9,320 free shares and 480,000 stock purchase or subscription options to some employees and Directors of the Group. It will enable to align the interests of the recipient and those of the Group's shareholders.

Allocation of free shares

The Board of Directors has thus decided to allocate 20 free shares to each employee of BELVEDERE SA and its French subsidiaries, i.e. a total of 9,320 free shares. These free shares will be definitively acquired following a 2-year period from the date of their allocation, the only condition being that the member of staff should still be with the Company at that time – there are no specific performance-related conditions. These shares will be non-transferable for a period of 5 years from the date of acquisition.

Allocation of options subject to performance conditions

The 480,000 subscription or purchase options (the Options) are to be allocated to 26 BELVEDERE group managers, including CEO Jean-Noël Reynaud, who will be allocated 110,000 Options.

Each of these Options will give the holder the right to subscribe or to purchase 1 BELVEDERE SA share at a unit price of €10.64, calculated on the basis of BELVEDERE's average opening price over the 20 trading sessions preceding the date of the Board of Directors meeting.

Those two allocations (free shares and options) represent a potential of 1.8% of the capital for the employees and the managers (according to the total number of shares as at 31 December 2014).

1.9 Share capital and shareholding structure

1.9.1 Information about share capital

Following the recognition by the Board of Directors on 28 April 2015 of a capital raising through the exercise of equity instruments giving access to the capital (described hereafter), the share capital of the company amounted to €52,973,242, divided into 26,486,621 shares with a nominal value of €2.00. Shares are divided into two categories: ordinary shares and "Shares with Special Voting Rights".

"Shares with Special Voting Rights", which were created during the General Meeting of Shareholders gathered on 28 February 2013, are registered in a managed registration account or in an issuer registration account. "Shares with Special Voting Rights" have the same rights as ordinary shares but are deprived of voting rights for resolutions taken in ordinary general meetings relating to the appointment, reappointment or dismissal of members of the Company's Board of Directors, or any resolution ratifying the Board of Directors' coopting of a Director.

"Shares with Special Voting Rights" may be converted into ordinary shares exclusively in the cases defined within the Article of Association. As at 31 December 2014, 3,071 "Shares with Special Voting Rights" were outstanding.

The Board of Directors recorded a capital increase of €310 on 28 April 2015 following:

- The exercise of 238 warrants (BSA) issued to historical shareholders for 89 shares
- The exercise of 178 warrants (BSA) issued to historical shareholders for 66 shares

From which 16 shares had already been issued during 2014, i.e. a net issue of 139 shares since 1 January 2015.

Since 31 December 2012, the number of shares outstanding is as follows:

	31 December 2012	31 December 2013	31 December 2014	As at the date of the Report
Number of shares outstanding	**3 405 679**	**26 486 213**	**26 486 482**	**26 486 621**

Changes in the share capital during the last 3 years

The change in share capital during 2014 is a result of the following:

- The exercise of 679 warrants (BSA) issued to historical shareholders for 259 shares
- The exercise of 30 warrants (BSA) issued to historical shareholders for 10 shares

The change in share capital during 2013 is a result of the following:

- exercise of 37,125 BSA 2006 for 37,180 shares
- exercise of 4,109 BSA A1 for 1,559 shares
- exercise of 2,681 A2 for 1,017 shares
- exercise of 184,347 AOBSA for 5,594 shares
- conversion of FRN bonds into shares representing an issue of 18,216,154 ordinary shares and 4,819,030 special voting right shares (totaling 23,035,184 shares)

Representing a total of 23,080,534 new shares issued during 2013.

All of the increases in share capital in the Company recorded since 2009 were mainly due to the exercise of BSA 2004 and BSAR 2006 warrants giving access to the Company's share capital.

Delegation of authority

At the date of the current report, the following table summarizes the delegation of authority voted during the General Meeting of Shareholders on 16 September 2014:

Date	Delegation of Authority in order to decide…	Maximal amount authorized (nominal value)	Length of the delegation	Pricing method
16-sept-14	...the allocation of Options (stock purchase or stock subscribe) to the benefit of employees, managers and Directors of the Group and the companies of the Group ;	2 % maximum of the share capital	38 months	Exercising price is at minimum equal to the average price over 20 trading sessions
16-sept-14	... the allocation of free shares to the benefit of employees, managers and Directors of the Group and the companies of the Group	2 % maximum of the share capital	38 months	na

On the basis of those authorizations, the Board of Directors decided on 12 March 2015 the allocation of 9,320 free shares and 480,000 stock purchase or subscription options to some employees and Directors of the Group. These allocations reduce the amount defined during the General Meeting of 16 September 2014 (use of the delegation to the amount of around 1.8% of the share capital of the company for a maximal amount authorized of 2.0%).

Shares not representing capital

Nil.

1.9.2 Shareholding structure

As at 31 December 2014

Shareholders	Number of shares	% Capital	Number of Voting rights	% of voting rights
Public (1)	18 929 904	71,5%	19 172 439	71,7%
Diana Holding (2)	3 480 000	13,1%	3 480 000	13,0%
KKR (3)	2 271 262	8,6%	2 271 262	8,5%
SPC Lux (4)	1 798 193	6,8%	1 798 193	6,7%
Treasury shares (5)	7 123	0,0%	-	-
TOTAL	**26 486 482**	**100,0%**	**26 721 894**	**100,0%**

(1) : At 31 December 2014, no shareholder, whether an individual or a corporate entity, had informed the Company of an equity interest exceeding 5 %.
(2) : Threshold exceeded - declared by letter dated 3 October 2014 and published by the AMF on 3 October 2014
(3) : Threshold exceeded - declared by letter dated 1 April 2014 and published by the AMF on 2 April 2014
(4) : Threshold exceeded - declared by letter dated 13 December 2013 and published by the AMF on 13 December 2013
(5) : These shares are deprived of voting rights

To the Company's knowledge, and based on declarations received by the Company, as at 31 December 2014, no shareholder, whether an individual or a corporate entity, had informed the Company of an equity interest exceeding 5 % excluding Diana Holding, KKR and SPC LUX.

As at 31 December 2013

Shareholders	Number of shares	% Capital	Number of Voting rights	% of Voting rights
Free Float (1)	24 684 583	93,2%	24 840 422	93,2%
SPC Lux (2)	1 798 193	6,8%	1 798 193	6,8%
Treasury shares (3)	3 437	0,0%	-	-
TOTAL	**26 486 213**	**100,0%**	**26 638 615**	**100,0%**

(1) : At the date of publication, no shareholder, whether an individual or a corporate entity, had informed the Company of an equity interest exceeding 5 %.
(2) : Threshold exceeded - declared by letter dated 13 December 2013 and published by the AMF on 13 December
(3) : These shares are deprived of voting rights

As at 31 December 2012

Shareholders	Number of shares	% Capital	Number of Voting rights	% of Voting rights
Free Float	2 817 501	82,7%	2 818 979	86,0%
Angostura Holding Ltd (1)	148 200	4,4%	296 400	9,1%
Bruce Willis	83 000	2,4%	83 000	2,5%
Treasury shares(2)	281 285	8,3%	-	-
Board members and Executive Officers(3)	75 693	2,2%	78 401	2,4%
TOTAL	**3 405 679**	**100,0%**	**3 276 780**	**100,0%**

(1) : To the Company's knowledge, Angostura Holdings Limited is controlled at its highest level by CL Financial Limited, a company incorporated in the Republic of Trinidad and Tobago
(2) : These shares had no voting rights
(3) : On the basis of information communicated to the Company

Voting rights

Article 27 of the Company's Articles of Association provides that any holder of fully paid up shares able to prove that his/her shares have been registered in his/her name for at least four years shall have the double voting rights provided for by law.

"Any owner of shares that are paid up in full, who can prove registration in his/her name for the previous four (4) years at least, may have twice the voting rights as provided for in law. Furthermore, should there be an increase in the capital through the capitalization of reserves, profits or additional paid-in capital, double the voting rights shall be granted, as soon as they are issued, to bonus registered shares allocated to a shareholder as new shares, for which he/she benefits from such a right.

Any share converted into a bearer share or whose ownership is transferred shall lose the right to a double vote."

Besides, it is reminded that the share capital of the company is divided into two categories: ordinary shares and "Shares with Special Voting Rights". Article 11 provides details regarding those laters:

« Shares with Voting Rights have the same rights as ordinary shares but are deprived of voting rights for resolutions taken in ordinary general meetings relating to the appointment, reappointment or dismissal of members of the Company's Board of Directors, or any resolution ratifying the Board of Directors' coopting of a Director. »

Agreements liable to result in a change of control

As at the date of the Registration Document, there was no agreement liable to result in a change of control.

Shareholding thresholds in 2014

Shareholding threshold disclosure and declaration of intent by Diana Holding (3 October 2014):

- By mail received on 3 October 2014, the limited liability company governed by Moroccan Law "Diana Holding"[6] ("Domaine Zniber, Ait Harzallah, Province d'El Hajeb, Wilaya de Meknes Tafilalet, Maroc") declared that, on 29 September 2014, it went above the threshold of 10% of the capital and of the voting rights of the company BELVEDERE and that it owned 2,840,000 shares of BELVEDERE (same amount of voting rights) representing 10.72% of the capital and 10.63% of the voting rights[7].
- This threshold crossing is a result of the acquisition of shares on the market.

Diana Holding stated that it owned as 1 October 2014, 3,480,000 BELVEDERE shares representing the same amount of voting rights i.e. 13.14% of the capital and 13.02% of the voting rights.

- In the same mail, the following declaration of intent was realized:

  « In accordance with articles L. 233-7 of the Commercial Code and 223-17 of the general regulations of the AMF, "Diana Holding" states for the next 6 months:

  - That the acquisitions ending in the threshold crossing above described were financed through a long term bank loan backed by equity and assets of the Group Diana Holding
  - That it is not acting in concert with a third party through the company BELVEDERE
  - That it does not exclude to pursue acquisitions of BELVEDERE shares, according to market conditions, in order to comfort its position as reference shareholder with more than 13% of the capital at the date of the announcement
  - That it does not exclude to take control of BELVEDERE according to Article L.233-3 of the "Code du Commerce" because it may effectively – in the long term - be in the situation of determine "actually, through the voting rights which it owned, the decisions in the General Meetings of that company" but that it does not forecast to cross a threshold in capital or in voting rights that would mandate it to take over the company
  - That it confirms as a professional player of the wine market that it wants to set up industrial and commercial partnerships with the company BELVEDERE, in order to develop the potential synergies implying that a sufficient representation to the Board of Directors is settled.
  - According to this, outside the nomination of Rita Maria Zniber as a member of the Board of Directors (decided with 94.5% of voting rights during the General Meeting of Shareholders that took place on 16 September 2014) it asks to the Board of Directors of

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[6] Controlled by Zniber Family.

[7] Based on a share capital composed of 26,486,477 outstanding shares representing 26,721,879 voting rights

BELVEDERE to co-opt the second member that was proposed on 16 September 2014 and a third member whose identity will be given shortly.

Besides, Diana Holding stated:

- That it has no intention to set up an operation referred to in Article 223-17 I, 6° of the general regulations of the AMF;
- That is does not belong to agreements or instruments mentioned in 4° et 4° bis of I of Article L. 233-9 of the Commercial Code;
- That it has not concluded any agreement regarding the reverse transactions of BELVEDERE shares or voting rights.

<u>Shareholding threshold disclosure and declaration of intent by Diana Holding (8 September 2014):</u>

- By mail received on 5 September 2014, the limited liability company governed by Moroccan Law "Diana Holding"[8] ("Domaine Zniber, Ait Harzallah, Province d'El Hajeb, Wilaya de Meknes Tafilalet, Maroc") declared that it went above the threshold of:
    - 5% of the capital and of the voting rights of the company BELVEDERE and that it owned 1,329,067 shares of BELVEDERE (same amount of voting rights) representing 5.02% of the capital and 4.97% of the voting rights[9] on 3 September 2014.
    - 5% of the capital and of the voting rights of the company BELVEDERE and that it owned 1,543,000 shares of BELVEDERE (same amount of voting rights) representing 5.83% of the capital and 5.77% of the voting rights[2] on 4 September 2014.
- These threshold crossings are the result of the acquisitions of shares on the market.

<u>Shareholding threshold disclosure by KKR (2 April 2014):</u>

- By mail received on 1 April 2014, the company" KKR & Co. L.P. (c/o Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, New Castle County, USA) declared that, on 31 March 2014, through the companies of its group, it went above the threshold of 5% of the capital and of the voting rights of the company BELVEDERE and that it owned 2,271,262 shares of BELVEDERE (same amount of voting rights) representing 8.58% of the capital and 8.50% of the voting rights[2].

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[8] Controlled by Zniber Family.

[9] Based on a share capital composed of 26,486,477 outstanding shares representing 26,721,879 voting rights

Shareholders	Number of shares	% of shares	Number of voting rights	% of voting rights
Echo Investments I Ltd (2)	1 198 794	4,53%	1 198 794	4,49%
Avoca Credit Opportunities Fund (3)	583 885	2,20%	583 885	2,19%
Absalon Credit Fund Ltd (3)	399 604	1,51%	399 604	1,50%
Avoca Value Fund (3)	88 979	0,34%	88 979	0,33%
TOTAL	**2 271 262**	**8,58%**	**2 271 262**	**8,50%**

This threshold crossing is a result of the sum of equity participations managed by the companies Echo Holdings L.P. (Echo Investments I Ltd[10]) and Avoca Capital Holdings[11] (both controlled by KKR & Co. L.P.), which were previously not aggregated due to dispositions of Article L.233-9 of the Commercial Code.

Shareholding thresholds since 1 January 2015

Shareholding threshold disclosure and declaration of intent by Diana Holding (1 April 2015):

- By mail received on 1 April 2015, the limited liability company governed by Moroccan Law "Diana Holding"[12] ("Domaine Zniber, Ait Harzallah, Province d'El Hajeb, Wilaya de Meknes Tafilalet, Maroc") declared that, on 26 March 2015, it went above the threshold of 15% of the capital and of the voting rights of the company BELVEDERE and that it owned 4.400.000 shares of BELVEDERE (same amount of voting rights) representing 16.61% of the capital and 16.47% of the voting rights[13].
- This threshold crossing is a result of the acquisition of shares on the market.
- Regarding Article 223-14 III and IV of the general regulations of the AMF, "Diana Holding" stated that it owned:
    - 100.000 warrants (BSA) to be exercised before 23 April 2018 and giving access to around 0.38 BELVEDERE shares when exercising 3 warrants minimum to the price of €23.82 per share.

[10] Controlled by Echo Holdings L.P., itself controlled by funds managed by KKR Asset Management LLC (acting as General Partner and Investment Manager), which is controlled at the highest level by KKR & Co. L.P.

[11] Avoca Credit Opportunities Fund, Absalon Credit Fund Ltd and Avoca Value Fund are funds managed by Avoca Capital Holdings (acting as General Partner and Investment Manager), which is controlled at the highest level by KKR & Co. L.P.

[12] Controlled by Zniber Family

[13] Based on a capital composed of 26,486,477 shares and of 26,721,879 voting rights according to alinéa 2 of Article 223-11 of the AMF rules.

- 3.000.000 warrants (BSA), to be exercised before 31 December 2016 and giving access to around 0.03 BELVEDERE shares[14] to the price of €20.01 per share.

- In the same mail, the following declaration of intent was realized:

  « In accordance with articles L. 233-7 of the Commercial Code and 223-17 of the general regulations of the AMF, "Diana Holding" states for the next 6 months:

  - That the acquisitions ending in the threshold crossing above described were financed through a long term bank loan backed by equity and assets of the Group Diana Holding;
  - That is not acting in concert with a third party through the company BELVEDERE;
  - That it does not exclude to pursue acquisitions of BELVEDERE shares, according to market conditions,
  - That it does not exclude to take control of BELVEDERE according to Article L.233-3 of the "Code du Commerce" because it may effectively – in the long term - be in the situation of determine "actually, through the voting rights which it owned, the decisions in the General Meetings of that company" but that it does not forecast to cross a threshold in capital or in voting rights that would mandate it to take over the company;
  - That it confirm as a professional player of the wine market that it wants to set up industrial and commercial partnerships with the company BELVEDERE, in order to develop the potential synergies implying that a sufficient representation to the Board of Directors is settled.
  - According to this, outside the nomination of Rita Maria Zniber as a member of the Board of Directors (decided during the General Meeting of Shareholders that took place in 16 September 2014) and the co-option of Mehdi Bouchaara as a member of the Board of Directors (decided during the Board of Directors that took place in 24 October 2014), it asks to the Board of Directors of BELVEDERE to co-opt Serge Heringer as soon as possible, whose application was submitted in October 2014. Given that Serge Heringer has a status of standing invitee to the Board of Directors and to the Audit Committee does not give him the possibility to participate in decisions.

Besides, Diana Holding stated:

- That it has no intention to set up an operation referred to in Article 223-17 I, 6° of the general regulations of the AMF;
- That is does not belong to agreements or instruments mentioned in 4° et 4° bis of I of Article L. 233-9 of the Commercial Code
- That it has not concluded any agreement regarding the reverse transactions of BELVEDERE shares or voting rights.

Shareholding threshold disclosure and declaration of intent by DF Holding (13 May 2015)

[14] It is indicated that the number of share would be rounded to the nearest whole number and a compensation would be given in cash

- By mail received on 13 May 2015, completed by a mail received on 15 May 2015, the limited liability company governed by Luxembourg Law "DF Holding"[15] (34-38 avenue de la Liberté, L-1930 Luxembourg, Grand Duché du Luxembourg) declared that, on 13 May 2015, it went above the threshold of 5% of the capital and of the voting rights of the company BELVEDERE and that it owned 1,500,000 shares of BELVEDERE (same amount of voting rights) representing 5.66% of the capital and 5.61% of the voting rights[16].

Pacts, shareholders' agreements and concerted actions agreements

Nil.

Items likely to have an impact in the event of a public offer

In conformity with Article L.225-100-3 of the Commercial Code, Items likely to have an impact in the event of a public offer are detailed hereafter.

Capital structure of the Company

The Articles of Association of the company do not provide voting-caps restrictions.

It is reminded that the share capital of the company is divided into two categories: ordinary shares and "Shares with Special Voting Rights". Article 11 provides details regarding those laters:

« Shares with Voting Rights have the same rights as ordinary shares but are deprived of voting rights for resolutions taken in ordinary general meetings relating to the appointment, reappointment or dismissal of members of the Company's Board of Directors, or any resolution ratifying the Board of Directors' coopting of a Director. »

Article 11 states that the "Shares with Special Voting Rights" may be converted into ordinary share in the cases specified by that Article.

Besides, Article 27 of the Company's Articles of Association provides double voting rights

- For any holder of fully paid up shares able to prove that his/her shares have been registered in his/her name for at least four years shall have the double voting rights provided for by law.
- Furthermore, should there be an increase in the capital through the capitalization of reserves, profits or additional paid-in capital, double the voting rights shall be granted, as soon as they are issued, to bonus registered shares allocated to a shareholder as new shares, for which he/she benefits from such a right.

Any share converted into a bearer share or whose ownership is transferred shall lose the right to a double vote."

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[15] Controlled by Castel family

[16] Based on a capital composed of 26,486,621 shares and 26,748,958 voting rights according to alinéa 2 of Article 223-11 of the AMF rules.

Moreover, any individual or corporate entity that comes into possession, directly or indirectly, alone or jointly, of at least 2.5% of the issued share capital or voting rights in the Company, or any multiple of this percentage, shall inform the Company accordingly within 15 days, by registered letter with acknowledgement of receipt, addressed to the registered office.

If the shares or voting rights exceed the proportion that should have been disclosed under the abovementioned conditions, they shall be deprived of voting rights under the conditions laid down in law.

The abovementioned disclosure requirements shall also apply each time an individual's or corporate entity's share of the capital or voting rights falls below the 2.5% threshold or any multiple thereof.

Direct or indirect participating interests in the capital of the Company

The structure of ownership is detailed in paragraph 1.9.2.

Owners of any securities conferring special rights of control and description of those rights

Nil.

Control procedure provided in the event of potential employee shareholdings with control rights not exercised by the latter

Nil.

Agreements between shareholders of which the Company is aware and which may give rise to restrictions on share transfers and voting rights

The company has no knowledge of agreements between shareholders which may give rise to restrictions on share transfers and voting rights.

Rules governing the appointment and replacement of Board members and the amendment of the Articles of association

In conformity with Article 13 of the Articles of Association of the Company, the members of the Board of Directors shall be appointed or have their terms of office renewed by the Ordinary General Meeting of shareholders. Their terms of office shall last for six years. The duties of a Director shall end at the close of the Ordinary General Meeting called to approve the financial statements for the previous financial year, held during the year in which the said Director’s term of office expires. Directors may always be re-elected. They may be dismissed at any time by the Ordinary General Meeting.

In conformity with Article L. 225-96 al. 1 of the Commercial Code, the Articles of Association of the Company can only be modified by an Extraordinary General Meeting. Nevertheless it is reminded that:

- As stated in Article 4 of the Articles of Association, the Board of Directors is authorized to modify the headquarter of the company within the same area or an adjacent area subject to ratification by the next Annual General Meeting
- The General Meeting may delegate powers to the Board of Directors through annual delegations.

Authority of the Board of Directors in the event of a public offer

On 16 September 2014, the General Meeting of Shareholders authorized (resolution #11) the Board of Directors to make acquire by the Company its own shares. The acquisition, sale or transfer of those shares may be done, also in case of public offer, through every means, comprising the acquisition of blocks of shares, in one or more operations, within the limits offered by the stock market rules.

Agreements entered into by the Company that would change or terminate if there were a change of control of the Company

The Company and/or its subsidiaries have signed agreements including change-of-control clauses that enable the contractor the possibility to terminate the contract in case of change of control of the Company.

Agreements providing compensation for members of the Board of Directors or Executive Directors in the event of resignation or dismissal without genuine and serious cause, or if their employment is terminated by reason of a public tender offer

There is no commitment taken by the company that corresponds to compensation or benefit items due or likely to be due as a result of termination or change in their mandates active at the date of the current report between the Company and the members of the Board of Directors or Executive Directors, and that is likely to have an impact in the event of a public tender offer.

1.9.3 Potential Capital

Dilutive Instruments as at 31 December 2014

As 31 December 2014, the instruments that could give access to the capital are the followings:

- 585,262 BSA 2004 warrants (transaction memorandum as approved by the AMF by visa no. 04-884 dated 10 November 2004, see Section 2.1 of the Registration Document);
- 93,010 BSAR 2006 warrants (transaction memorandum as approved by the AMF by visa no. 06-068 dated 9 March 2006, see Section 2.1 of the Registration Document).
- 6,849,705 BSA warrants issued to historical shareholders (transaction memorandum as approved by the AMF by visa no. 13-162 dated 16 April 2013);
- 93,161,762 BSA OS warrants (transaction memorandum as approved by the AMF by visa no. 13-162 dated 16 April 2013, completed by an additional memorandum as approved by the AMF by visa no. 13-665 dated 11 December 2013).

The terms of the BSA 2004 and BSAR 2006 warrants provided for in the aforementioned transaction memoranda were changed at the Special General Meetings held on 27 September 2013. The implementation of the said changes was authorized by the Extraordinary General Meeting of the Company held on 30 September 2013.

- Since the Extraordinary General Meeting of the Company held on 30 September 2013 that changed certain terms of the BSA 2004 issued in the frame of the transaction memorandum as approved by the AMF by visa no. 04-884 dated 10 November 2004, the exercise price of BSA 2004 is set out at €26.20 and will not change until the end of the exercise period. That period expiry on 24 April 2018. Since a decision of the Board of Directors on 16 May 2013, the parity is set out at 1 BSA 2004 for 1.1 BELVEDERE share.
- Since the Extraordinary General Meeting of the Company held on 30 September 2013 that changed certain terms of the BSA 2006 issued in the frame of the transaction memorandum as approved by the AMF by visa no. 06-068 dated 9 March 2006, the exercise price of BSA 2006 is set out at €25.49 and will not change until the end of the exercise period. That period expiry on 24 April 2018. Since a decision of the Board of Directors on 16 May 2013, the parity is set out at 1 BSA 2006 for 1.07 BELVEDERE share.

The updated features of the instruments giving access to capital as at 31 December 2014 are detailed thereafter:

	End of exercise period	Parity : Number of shares for 1 BSA	Exercise Price	Payment terms
BSA issued in 2004	24 April 2018	1,10	26,20	Cash
BSAR issued in 2006	24 April 2018	1,07	25,49	Cash
BSA issued to the benefit of historical shareholders (1)	24 April 2016	0,384615383497979	23,82	Cash
BSA issued to the benefit of historical shareholders (2)	24 April 2018	0,384615383497979	23,82	Cash
BSA issued to the benefit of holders of subordinated bonds	31 December 2016	0,027608894	20,01	Cash

Other dilutive instruments issued since 31 December 2014

It is reminded that the Board of Directors gathered on 12 March 2015 decided the allocation of 9,320 free shares and 480,000 stock purchase or subscription options to some employees and Directors of the Group.

This decision was authorized by the General Meeting of shareholders gathered on 16 September 2014. It will enable to align the interests of the recipient and those of the Group's shareholders.

Summary regarding dilutive instruments

The dilutive instruments are summarized in the following table:

	31 December 2012	31 December 2013	31 December 2014	Date of the current report
Number of shares outstanding	**3 405 679**	**26 486 213**	**26 486 482**	**26 486 621**
Potential dilutive effect of stock warrands issued in 2004	585 262	643 788	643 788	643 788
Potential dilutive effect of stock warrands issued in 2006	130 135	99 521	99 521	99 521
Potential dilutive effect of stock warrands issued to historical shareholders		2 634 771	2 634 502	2 634 363
Potential dilutive effect of stock warrands issued to holders of subordinated bonds		2 572 093	2 572 093	2 572 093
Potential dilutive effect of free shares 2015				9 320
Potential dilutive effect of stock warrands issued in 2015 to employees and Managers				480 000
Total number of potential shares	**4 121 076**	**32 436 386**	**32 436 386**	**32 925 706**
Dilutive effect	**17,36%**	**18,34%**	**18,34%**	**19,56%**

Information on the capital of any member of the Group who is the subject of an option or of a conditional or unconditional agreement to put it under option

Nil.

1.9.4 Acquisition of treasury shares by the Company

In accordance with Articles L.225-209 and L.225-211 of the Commercial Code, it is indicated that the company made the following operations in 2014:

- Acquisition of 415,680 shares to the average price of €9.648 under the liquidity contract
- Sale of 411,494 shares to the average price of €9.710 under the liquidity contract

For 2014, the amount of negotiation fees is null.

As at 31 December 2014, the company owned 7,123 of its own shares, representing 0.03% of the capital from which 3,686 shares are owned through the liquidity contract. Each share has a nominal value of

€2.00. All shares owned as at 31 December 2014, had a total value of €252,651 (acquisition price) and were affected for 3,437 shares to the cover of options or free shares plans and for 3,686 shares through the liquidity contract

1.10 Other information

1.10.1 Details regarding payment conditions of suppliers and of customers

As at 31 December 2014, the table hereafter details the balance of payables for suppliers according to expiry date:

In € 000	Accouting balance as at 31 December	Not expired receivables	Expired receivables - Expiry date < 2 months	Expired receivables - Expiry date > 2 months	Not received Invoices
2014	40 704	0	1 414	35 259	4 031
2013	51 253	0	6 868	18 060	26 325

As at 31 December 2014, the table hereafter details the balance of receivables according to expiry date:

In € 000	Accouting balance as at 31 December	Not expired payables	Expired payables - Expiry date < 2 months	Expired payables - Expiry date > 2 months	Not received Invoices
2014	36 673	0	1 414	35 259	0
2013	24 928	0	6 868	18 060	0

1.10.2 Research and development activities

Innovation is in the DNA and at the heart of the Group BELVEDERE. "We bring value to our clients and consumers by offering trustworthy, bold and full of flavors brands".

In order to anticipate and answer to the needs of its consumers, BELVEDERE's R&D Department works closely with the functional teams to develop new innovative products. Innovation process is a key factor of differentiation for the products of the Group in their inherent markets.

1.10.3 Non-deductible expenses

As regard Article 223 -4- and 223 -5- of the General Tax Code, it is indicated that the financial statements for year 2014 do not include any non-deductible expenses.

1.10.4 Results of the company BELVEDERE SA over the last five years

Articles 133, 135 and 148 of Decree regarding Commercial Companies:

in €	2010	2011	2012	2013	2014
1- Year end Financial Situation					
Share Capital	6 265 356	6 398 076	6 811 358	52 972 426	52 972 964
Number of shares outstanding	3 132 678	3 199 038	3 405 679	26 486 213	26 486 482
2- Overall result of current operations					
Revenues exduding taxes	491 933	248 313	68 080	55 315	4 093 587
Profit / Loss before taxes, amortizations and provisions	(40 463 115)	(43 983 535)	(25 856 646)	(40 026 191)	(4 248 676)
Income Taxes	(3 132 125)	(2 752 941)	(2 183 276)	(5 461 996)	(2 697 353)
Profit / Loss after taxes, amortizations and provisions	(24 913 961)	(47 178 135)	(156 812 558)	(19 743 063)	(8 616 544)
Amount of Profit Disributed	-	-	-	-	-
3- Results of operations for one share of capital					
Profit / Loss after taxes but beforeamortizations and provisions	(11,92)	(12,89)	(6,95)	(1,30)	(0,06)
Profit / Loss after taxes, amortizations and provisions	(7,95)	(14,75)	(46,04)	(0,75)	(0,33)
Dividend per share	-	-	-	-	-
4-Staff					
Number of employees	10	9	5	4	11
Staff costs	2 103 485	2 611 164	922 422	1 101 163	1 821 340
Amount paid in relation to social benefits	657 274	719 037	319 920	339 130	678 130

1.10.5 Statutory Auditors

Incumbent Statutory Auditors

Mazars
Member of the Compagnie régionale des commissaires aux comptes de Versailles,
Represented by Dominique Muller and Romain Maudry,
61, rue Henri Regnault,
92075 Nanterre.

Appointed during the Ordinary General Meeting gathered on 8 August 2008 for a term of six financial years, replacing the firm KPMG.

The appointment was renewed during the Ordinary General Meeting gathered on 16 September 2014.

Thus, the appointment will expire at the end of the Ordinary General Meeting called to approve the financial statements for the year ended 31 December 2019.

SAS Renart, Guion & Associés
Member of the Compagnie régionale des commissaires aux comptes de Dijon,
Represented by Aurélie Trucy
1, rue du Dauphiné,
21121 Fontaine-le-Dijon.

Lawfully appointed as Statutory Auditors pursuant to Article L. 823-1 of the French Commercial Code following the resignation of Didier Roux.

The term of office will expire at the end of the Ordinary General Meeting convened to approve the financial statements for the year ended 31 December 2014, in accordance with the term of office of the previous audit firm. As stated in the mandate of its predecessor, it will be proposed to the next General Meeting of shareholders to replace it by KPMG SA, 3 cours du Triangle Immeuble Le Palatin 92939 Paris La Defense cedex for the next 6 financial years i.e. expiration at the end of the Ordinary General Meeting called to approve the financial statements for the year ended 31 December 2020.

Alternate Statutory Auditor

Mr. Gaël Lamant
Tour Exaltis,
61 Rue Henri Regnault,
92075 Paris La Défense Cedex.

Appointed during the Ordinary General Meeting gathered on 16 September 2014 for a term of six financial years, replacing SCP André & Associés.

The appointment will expire at the end of the Ordinary General Meeting called to approve the financial statements for the year ended 31 December 2019.

SARL 2C AUDIT - AUDIT ADEZIO
Member of the Compagnie régionale des commissaires aux comptes de Nîmes,
Represented by Cedric Ribeiro,
14, Rue Louis Pouzol,
84130 Le Pontet

Appointed by the 30 September 2013 Ordinary General Meeting for a term of six financial years, to replace Marcel Renart, Guion & Associés.

The term of office will expire at the end of the Ordinary General Meeting convened to approve the financial statements for the year ended 31 December 2014, in accordance with the term of office of the previous audit firm. As stated in the mandate of its predecessor, it will be proposed to the next General Meeting of shareholders to replace it by SALUSTRO REYDEL, 3 cours du Triangle Immeuble Le Palatin 92939 Paris La Defense cedex for the next 6 financial years i.e. expiration at the end of the Ordinary General Meeting called to approve the financial statements for the year ended 31 December 2020.

Fees paid to the incumbent Statutory Auditors for the past two financial years

The fees given below represent services performed by the auditors and their affiliate offices in respect of the stated years. The reported amounts have been expensed in the income statement.

In € 000	Dec-13				Dec-14			
	Mazars	**%**	**Renart, Guion & Associés**	**%**	**Mazars**	**%**	**Renart, Guion & Associés**	**%**
Statutory Audit	**1 088**	**97%**	**144**	**100%**	**1 065**	**66%**	**120**	**99%**
Belvédère SA	613	55%	144	100%	494	31%	120	99%
Subsidiaries	475	43%	-	-	571	36%	0	0%
Other work and services directly related to the statutory audit	**25**	**2%**	**-**	**-**	**516**	**32%**	**1**	**1%**
Belvédère SA	25	**2%**	-	-	516	**32%**	1	**1%**
Subsidiaries	3	**0%**	-	-	0	**0%**	0	**0%**
Sub-total	**1 116**	**100%**	**144**	**100%**	**1 581**	**99%**	**121**	**100%**
Other Services	-	-	-	-	21	-	0	-
TOTAL	**1 116**	**100%**	**144**	**100%**	**1 602**	**100%**	**121**	**100%**

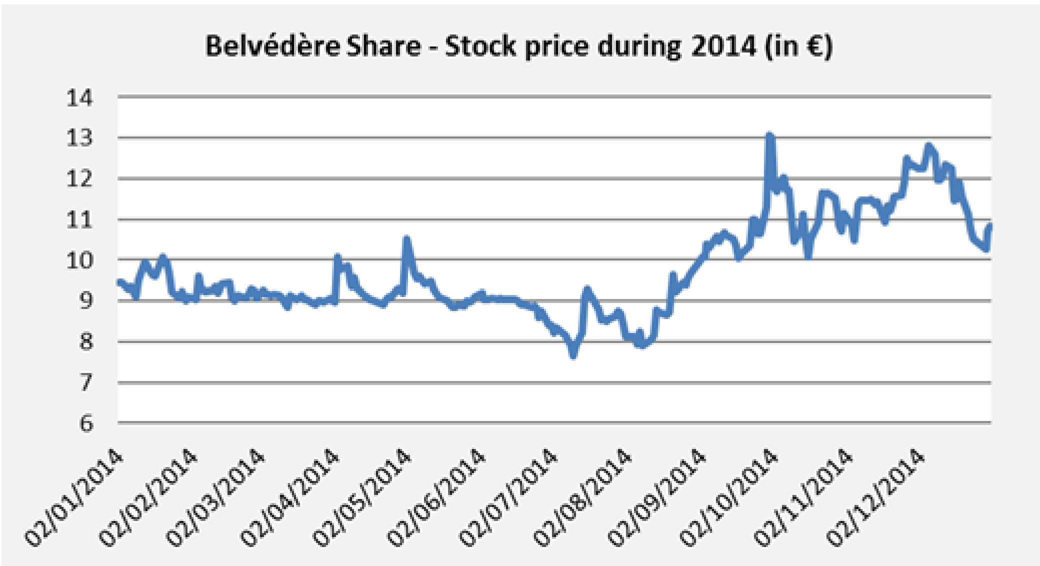
In 2014, other works and services directly related to the statutory audit are mainly due to diligences regarding internal control.

1.10.6 Stock market performance for BELVEDERE share

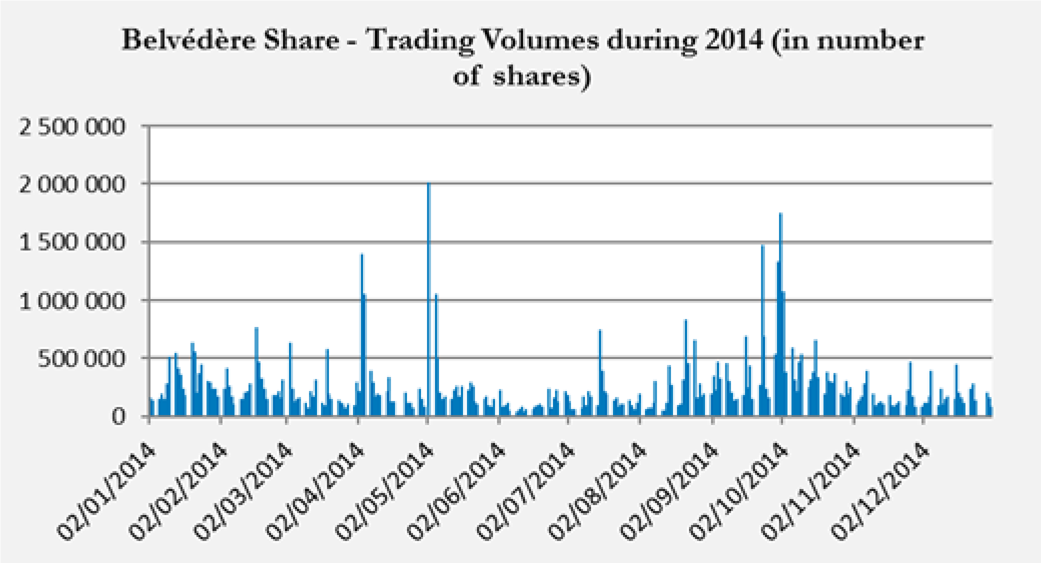
Stock market data for the BELVEDERE share in 2014 are as follows:

- Number of shares outstanding as at 1 January 2014: 26,486,213
- Opening price as at 2 January 2014: €9.70
- Number of shares outstanding as at 31 December 2014: 26,486,482
- Closing price as at 31 December 2014: €10.84
- Higher price during 2014: €13.07 on 30 September 2014
- Lower price during 2014: €7.66 on 10 July 2014

BELVEDERE Share - Stock price during 2014 (in €)



Trading volumes of BELVEDERE Shares from 1 January 2014 to 31 December 2014:



1.10.7 Financial Communication Calendar for 2015

Starting 2015, the Company communicated about its financial communication calendar as follows:

- 2014 Annual Revenues : 13 February 2015
- 2014 Annual Results: 12 May 2015
- Q1 2015 Revenues: 12 May 2015
- First Semester 2015 Revenues: 7 August 2015
- First Semester 2015 Results: 30 September 2015
- Q3 2015 Revenues: 10 November 2015

Announcements will be released after the closure of markets.

2. 2014 CONSOLIDATED STATEMENT

2.1. 2014 Consolidated income statement

Consolidated income statement

€000 unless stated otherwise	Note	2014	2013 restated	2012 restated
Revenues	3	**716,529**	**856,864**	**891,900**
Excise duties		(249,851)	(317,298)	(340,636)
Revenues excluding excise duties	3	**466,678**	**539,566**	**551,264**
Purchases consumed		(319,632)	(371,657)	(382,383)
External charges	4.1	(74,298)	(82,455)	(88,479)
Personnel costs	4.2	(57,937)	(63,903)	(65,961)
Taxes and levies		(8,123)	(8,895)	(8,734)
Depreciation charges		(7,382)	(8,461)	(9,818)
Other operating income	4.3	14,744	11,558	9,225
Other operating expenses	4.3	(13,010)	(15,473)	(14,162)
Underlying operating profit/(loss)		**1,042**	**279**	**(9,048)**
Non-recurring operating income	4.4	8,412	32,436	8,023
Non-recurring operating expenses	4.4	(23,368)	(68,453)	(83,951)
Operating profit/(loss)		**(13,914)**	**(35,737)**	**(84,976)**
Income from cash and cash equivalents	4.5	249	165	438
Gross cost of borrowings	4.5	(1,579)	(7,762)	(21,887)
Net cost of borrowings		**(1,330)**	**(7,597)**	**(21,449)**
Other financial income	4.5	6,811	244,640	8,294
Other financial expenses	4.5	(9,705)	(10,873)	(11,406)
Net financial income/(expenses)		**(4,224)**	**226,170**	**(24,562)**
Profit/(loss) before tax		**(18,138)**	**190,432**	**(109,537)**
Income tax (charge)/income	4.6	(60)	(272)	(9,231)
Share of earnings of associates			307	211
Net profit/(loss) from continuing operations		**(18,198)**	**190,467**	**(118,558)**
Profit/(loss) from discontinued operations, net of tax				
Net profit/(loss)		**(18,198)**	**190,467**	**(118,558)**
Group share		(19,096)	190,260	(117,792)
of which net profit/(loss) from continuing operations		(19,096)	190,260	(117,792)
of which net profit/(loss) from discontinued operations				
Minority interests		897	207	(766)
of which net profit/(loss) from continuing operations		897	207	(766)
of which net profit/(loss) from discontinued operations				
Net earnings per share from continuing operations, Group share (€)	4.7	-0.72 €	9.97 €	-39.31 €
Diluted net earnings per share from continuing operations, Group share (€)	4.7	-0.72 €	7.60 €	-39.31 €
Net earnings per share, Group share (€)	4.7	-0.72 €	9.97 €	-39.31 €
Diluted net earnings per share, Group share (€)	4.7	-0.72 €	7.60 €	-39.31 €
Weighted average number of shares outstanding		26,479,328	19,077,206	2,996,118

Diluted weighted average number of shares outstanding	32,429,232	25,027,382	2,996,118

The income statements for the financial years ended 31 December 2012 and 31 December 2013 have been restated to include the presentation changes set out in Note 12 – Accounting Rules and Policies.

Comprehensive income statement

(€000)	2014	2013	2012
Net profit/(loss)	**(18,198)**	**190,467**	**(118,558)**
Items that may be reclassified to P/L	***(3,679)***	***(778)***	***3,742***
Translation differences	(3,679)	(778)	3,805
Other items			(63)
Items not reclassified to P/L	(314)	294	
Actuarial differences according to IAS 19 revised	(517)	294	
Valuation of financial instruments	203		
Comprehensive income/(loss)	**(22,191)**	**189,983**	**(114,816)**
Group share	(22,985)	189,837	(114,437)
Minority interests	793	146	(379)

The comprehensive income/(loss) amounts are shown net of tax.

No material amount was reclassified to income for the period.

Consolidated balance sheet

(€000)	Note	31 December 2014	31 December 2013	31 December 2012
ASSETS				
Goodwill	5.1	29,932	30,646	30,768
Intangible assets	5.2	110,900	111,240	131,734
Property, plant and equipment	5.3	42,922	51,653	79,475
Financial assets	5.4	1,624	5,767	9,002
Investments in associates			3,089	2,883
Non-current tax receivables				27,723
Deferred tax assets	4.6	3,393	2,497	4,373
Non-current assets		**188,771**	**204,892**	**285,957**
Inventory and work-in-progress	5.5	70,095	100,196	89,600
Trade receivables	5.6	98,982	134,355	135,228
Tax receivables		33,164	31,275	74
Other current assets	5.7	21,373	25,869	27,138
Cash and cash equivalents	5.8	77,184	36,470	28,175
Current assets		**300,797**	**328,167**	**280,214**
Assets held for sale	2.0	**5,877**		
Total assets		**495,445**	**533,059**	**566,172**

(€000)	Note	31 December 2014	31 December 2013	31 December 2012
LIABILITIES				
Share capital	6.1	52,973	52,972	6,811
Premiums		416,359	416,353	138,000
Consolidated reserves		(244,204)	(434,138)	(320,571)
Translation reserves		(17,545)	(13,968)	(13,251)
Consolidated net profit/(loss)		(19,096)	190,260	(117,792)
Equity capital (Group share)		**188,488**	**211,479**	**(306,803)**
Minority interests		10,696	9,906	7,801
Total equity capital		**199,184**	**221,385**	**(299,002)**
Employee benefits	6.2	6,071	5,132	5,510
Other non-current provisions	6.3	7,473	7,072	9,654
Long-term borrowings – due in more than one year	6.4	2,202	2,353	3,375
Deferred tax liabilities	4.6	38,768	40,731	40,880
Other non-current liabilities	6.6	64,227	74,346	3,170
Non-current liabilities		**118,740**	**129,634**	**62,589**
Current provisions	6.3	3,972	3,523	12,082
Long-term borrowings – due in less than one year	6.4	1,112	1,480	540,198
Short-term borrowings	6.4	32,321	13,510	23,818
Trade and other payables		56,985	64,310	110,551
Tax liabilities		558	(946)	20,757
Other current liabilities	6.6	77,813	100,162	95,178
Current liabilities		**172,761**	**182,040**	**802,585**
Liabilities held for sale	2.0	**4,760**		
Total liabilities		**495,445**	**533,059**	**566,172**

Statement of cash flows

(€000)	2014	2013	2012
Total consolidated net profit/(loss)	**(18,198)**	**190,467**	**(118,558)**
Less net profit/(loss) from sold or held-for-sale operations			
Net profit/(loss) on continuing operations	**(18,198)**	**190,467**	**(118,558)**
Income/(loss) from equity associates		(307)	(211)
Depreciation, amortisation and provisions	12,375	20,017	86,658
Fair value revaluation gains/losses	(11)		(383)
Impact of discounting	6,021	(30,420)	(564)
Difference between the fair value/cash obtained on the transfer of shares		5,861	
Difference between the fair value and book value of the FRN debt	(11)	(209,803)	
Gains/(losses) on disposals and dilution	238	1,780	(905)
Dividend income		(5)	
FRN and OBSAR debt deposit adjustments		1,085	
Operating cash flow after net cost of borrowings and tax	**413**	**(21,325)**	**(33,963)**
Income tax charge (credit)	60	272	9,232
Net cost of borrowings	1,335	7,630	21,720
Operating cash flow before net cost of borrowings and tax	**1,808**	**(13,423)**	**(3,011)**
Change in working capital 1 (inventories, trade receivables/payables)	58,149	(55,964)	35,477
Change in working capital 2 (other items)	(37,045)	83,055	(14,448)
Taxes	(2,346)	(387)	(2,783)
Cash flows from operating activities	**20,566**	**13,281**	**15,235**
Purchase of minority interests			(225)
Purchase of PP&E and intangible assets	(4,844)	(4,418)	(3,870)
Subsidies received			526
Purchase of financial assets			
Increase in loans and advances granted	(255)	(4,473)	(831)
Decrease in loans and advances granted	4,424	973	806
Disposal of PP&E and intangible assets	474	21,063	1,508
Disposal of financial assets	(4)		
Other investment and disposal flows		107	
Dividends received		106	51
Impact of change in consolidation scope	3,500		
Cash flow from investment activities	**3,295**	**13,357**	**(2,035)**
Capital increase	7	73	1,648
Purchase of treasury shares			
Sale of treasury shares			2,366
Borrowings received	1,358	810	1,016
Borrowings repaid	(1,596)	(6,853)	(2,483)
Net interest paid	(1,454)	(5,083)	(2,592)
Deposit in escrow of first instalment of the Safeguard Plan (FRNs and OBSAR bonds)		2,591	
Net change in short-term debt	19,058	(10,194)	(17,291)
Cash flow from financing activities	**17,373**	**(18,656)**	**(17,336)**
Impact of fluctuations in exchange rates	(282)	(993)	1,820

Cash flows from operations sold and sale proceeds			
Change in cash and cash equivalents	**40,951**	**6,990**	**(2,316)**
Opening cash and cash equivalents	36,470	28,175	30,492
Cash reclassifications*	(5)	1,306	
Cash from held-for-sale operations	(231)		
Closing cash and cash equivalents	77,186	36,470	28,175
Change in cash and cash equivalents	**40,951**	**6,990**	**(2,316)**

* In 2013, the cash and cash equivalents reclassification corresponds to a bank account previously blocked and released.

Change in equity capital

(€000)	Share capital	Premiums	Consolidated reserves	Actuarial difference in pension obligations	Translation reserves	Treasury shares and redeemable share warrants	**Total equity capital - Group share**	Minority interests	**Total equity capital**
2011	**6,398**	**127,048**	**(311,364)**		**(16,669)**	**(11,722)**	**(206,309)**	**8,630**	**(197,678)**
2012 net profit/(loss)			(117,792)				(117,792)	(766)	(118,558)
Translation differences					3,418		3,418	387	3,805
Other items			(63)				(63)		(63)
Comprehensive income/(loss)			**(117,855)**		**3,418**		**(114,437)**	**(379)**	**(114,816)**
Exercise of redeemable share warrants (for cash)	60	1,588					1,648		1,648
Exercise of redeemable share warrants (via delivery of bonds)	353	9,364					9,717		9,717
Treasury shares and redeemable share warrants			1,374			985	2,359		2,359
Transactions with minority interests			218				218	(450)	(232)
Transactions with shareholders	**413**	**10,952**	**1,592**			**985**	**13,943**	**(450)**	**13,493**
2012	**6,811**	**138,000**	**(427,627)**		**(13,251)**	**(10,737)**	**(306,803)**	**7,801**	**(299,002)**
2013 net profit/(loss)			190,260				190,260	207	190,467
Translation differences					(717)		(717)	(61)	(778)
Actuarial differences according to IAS19 revised				294			294		294
Comprehensive income/(loss)			**190,260**	**294**	**(717)**		**189,837**	**146**	**189,983**
Exercise of redeemable share warrants (for cash)	17	56					73		73
Exercise of redeemable share warrants (via delivery of bonds)	74	1,967					2,041		2,041
Restructuring of the FRN and OBSAR financial debt	46,070	276,330					322,400		322,400
Treasury shares and redeemable share warrants			(4,548)			10,516	5,968		5,968
Transactions with minority interests			(2,038)				(2,038)	1,959	(79)
Transactions with shareholders	**46,161**	**278,353**	**(6,586)**			**10,516**	**328,444**	**1,959**	**330,403**
2013	**52,972**	**416,353**	**(243,953)**	**294**	**(13,968)**	**(221)**	**211,478**	**9,906**	**221,384**
2014 net profit/(loss)			(19,096)				(19,096)	897	(18,198)
Translation differences					(3,589)		(3,589)	(104)	(3,693)
Actuarial differences according to IAS19 revised				(515)			(515)	(2)	(517)
Discounting of financial instruments				203			203		203
Comprehensive income/(loss)			**(19,096)**	**(312)**	**(3,589)**		**(22,997)**	**791**	**(22,205)**
Exercise of redeemable share warrants (for cash)	1	6					7		7
Exercise of redeemable share warrants (via									

delivery of bonds)									
Restructuring of the FRN and OBSAR financial debt									
Treasury shares and redeemable share warrants			33			(33)			
Transactions with minority interests								(2)	(2)
Transactions with shareholders	**1**	**6**	**33**			**(33)**	**7**	**(2)**	**5**
2014	**52,973**	**416,359**	**(263,016)**	**(18)**	**(17,557)**	**(254)**	**188,488**	**10,696**	**199,184**

CONTENTS – NOTES TO THE FINANCIAL STATEMENTS

Note 1 – General information: Highlights, accounting rules and principles, changes in consolidation scope

Belvédère is a *société anonyme* (French public limited company) with a Board of Directors incorporated under French law and specifically subject to the provisions of the French Commercial Code. Belvédère shares are listed on Euronext Paris (Compartment B) and the Warsaw Stock Exchange (WSE).

The Belvédère Group operates in the wines and spirits sector.

The Group has been the subject of a rehabilitation plan since the Court decision issued on 9 April 2013.

The company's registered office is at 7 quai de la Paix, Beaucaire (30300).

These financial statements were approved by the Board of Directors on 12 May 2015.

Note 1.1 Highlights

***Back in the Game* 2018 Strategic plan**

Buoyed by a renewed governance system, a healthier financial position and powerful brands with a strong multi-national presence, the Group's priorities in 2014 were to form a management team and promote an integrated and calibrated operating system in order to determine and successfully execute the 2018 BIG strategic plan over the coming years.

The Belvédère Group has set down its goals in the 2018 "Back in the Game" (BIG) strategic plan. This plan, which was presented to investors in December 2014, is based on three operational aspects and is aimed at making the Group a core challenger in the market.

1) **Divestment of non-strategic and loss-making assets**

Belvédère aims to sell off non-strategic and loss-generating assets within the timeframe of its strategic plan. These are primarily wholesale activities in Poland, superfluous production equipment in Poland and property assets in Poland and France.

2) **Streamlining of core businesses via five priority programmes**

- ✓ Modernising industrial facilities;
- ✓ Reducing direct purchasing costs;
- ✓ Improving the distribution model;
- ✓ Simplifying operations;
- ✓ Developing key skills.

3) **Growing revenues**

To roll out its growth strategy, Belvédère will rely on:

- ✓ The four strategic cornerstones represented by Vodka, William Peel, Marie Brizard, and Fruits and Wine;
- ✓ Six key growth markets: France, Poland, United States, Spain, Lithuania and Brazil.

These three programmes should enable the Group to achieve an EBITDA margin of between 12 and 15% within the plan timeframe.

<u>Work performed on strengthening the organisational structure and operation of the accounting and financial procedures forming part of the control system</u>

In keeping with the change in the governance process made in 2013:

- ✓ Separation of the roles of Chairman of the Board of Directors and Chief Executive Officer;
- ✓ Appointment of independent directors;
- ✓ Creation of an Appointments Committee on 30 September 2013;
- ✓ Creation of a Remuneration Committee on 30 October 2013;
- ✓ Creation of an Audit Committee on 11 October 2013.

The Belvédère Group redefined the organisational structure of its holding company and of all Group entities in 2014.

1) A strengthened senior management team

The Group's senior management team was strengthened following the arrival of Jean-Noel Reynaud via the appointment of a Marketing Director, Purchasing Director and Industrial Director.

The Group's senior management team recorded the arrival of a Director of Human Resources and a General Secretary in 2015.

Accordingly, the Belvédère Group has set up an Executive Committee responsible for implementing the 2018 BIG strategic plan and for monitoring what are considered to be the key areas of improvement:

- ✓ Continuing to optimise working capital;
- ✓ Implementing a consistent and proactive sales policy based on Category Management;
- ✓ Reviewing the marketing positioning of the Group's brands;
- ✓ Generating significant synergies aimed at maximising efficiency and operating responsiveness while reducing the cost structure; Implementing industrial best practices and pooling the Group's purchases will be the first drivers for this area of improvement;
- ✓ Pooling know-how and expertise.

2) A strengthened Finance Department

Belvédère SA has given the Group Finance Department the resources required to handle the preparation and assessment of the financial statements, to control the subsidiaries, to perform the management control process and to process complex transactions.

The two priority measures aimed at strengthening the internal control process involved the introduction of:

- ✓ An appropriate organisational structure;
- ✓ Tools for monitoring operating performance.

Accordingly, the Group Finance Department has added to its teams by:

- ✓ Strengthening the consolidation unit;
- ✓ Appointing a Group Management Controller;
- ✓ Appointing a Group Treasurer;
- ✓ Appointing a Deputy Finance Director.

3) Strengthening the internal control process

During the 2014 financial year, the Group clearly determined the operating rules to be applied at each entity. These rules specifically concern:

- ✓ Delegations of authority: determining commitment authorisation and delegation of authority thresholds depending on the management levels;
- ✓ The performance of a comprehensive review, by each subsidiary, of commitments given and received;
- ✓ The performance of a comprehensive review of legal risk by each subsidiary.

Belvédère's senior management ensured that these operating rules were formally set down and correctly applied at each subsidiary throughout the year.

In addition, the Group paid particular attention to all the factors relating to cash management during the financial year. Accordingly, each entity performed the following tasks at senior management's request:

- Drawing up weekly cash position forecasts over a period of 13 weeks;
- Reviewing the bank accounts opened in the subsidiaries' name and, where applicable, streamlining relationships with banks;
- Applying the working capital management rules determined and monitored by the Group's Cash Management Department.

4) Introducing reporting tools

In line with the implementation of the internal controls described above, the Group Finance Department introduced various monthly and weekly business reports designed to help senior management steer the operating activities. The main business reports cover the following topics:

- ✓ Weekly 13-week cash position forecasts;
- ✓ Monitoring the monthly operating performance;
- ✓ Identifying legal risk at each entity;
- ✓ Identifying the contractual and off-balance sheet commitments made at each entity;
- ✓ Identifying delegations of authority.

This information, which is prepared for each entity, is presented to the members of the Executive Committee on a monthly basis. The Group then consolidates this data, in order to obtain a consolidated overview of the Group's results with regard to cash position, earnings, risks and commitments.

5) Internal Audit assignments

Senior management relied on the Internal Audit Department, which was set up in December 2013, with regard to internal control issues and the performance of investigation assignments.

The priority issues addressed by Internal Audit in 2014 were:

- ✓ Determining Group policies and monitoring their application at the subsidiaries;
- ✓ Determining the Group reporting process;
- ✓ Performing specific audits at the request of senior management;
- ✓ Identifying best practices to apply within the Group;
- ✓ Identifying business risk;
- ✓ Monitoring the action plans aimed at strengthening the internal control process within the Group.

6) Other

Throughout 2014, Group senior management worked on raising awareness of the importance of internal control amongst the subsidiary management teams (meetings with the Managing Directors, internal control questionnaires, inclusion of the internal control process in performance measurement).

The intra-Group cash flows within Belvédère's entities were documented at the Finance Department's initiative. The twofold goal was the controlling and optimisation of cash flows (simplification, financial optimisation, etc.).

Note 1.2 Accounting rules and policies

1. Accounting principles and policies applied

The consolidated financial statements of Belvédère S.A. and its subsidiaries (the Group) have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union and with IFRS compulsorily applicable as at 31 December 2014.

International accounting standards include IFRS, IAS (International Accounting Standards) and their interpretations.

The accounting principles and policies applied to the consolidated financial statements for the year ended 31 December 2014 are identical to those applied to the consolidated financial statements for the previous financial year, with the exception of IFRS and the corresponding SIC (Standards Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations, for which application is mandatory for financial years beginning on and after 1 January 2014 and which the Group has not applied in advance.

2. Presentation changes

As part of the standardisation of its accounting practices, the Belvédère Group has changed the presentation of the following items in its financial statements:

- Revenues: the Group's revenues are now presented net of any discounts and commercial benefits granted. This presentation change only concerns the US subsidiary, which recognised these costs in its external expenses.
- Excise duties: in accordance with the practices of other operators in the sector and to improve comparability, the Belvédère Group has added a line item to its income statement showing revenues excluding excise duties on volumes sold.
  The Group retains in inventory the excise duties paid over the period for products not yet sold and therefore still included in inventory. These duties will be released from inventory when the products are sold over subsequent periods.

  This new presentation primarily affects the Polish and Lithuanian entities.

The Group also decided to establish a strict definition of 'Non-recurring income and expenses', which is set out in section 26 of the present Note.

These presentation changes, which have no impact on the Belvédère Group's operating profit/(loss), are set out in section 29 of the present Note – Impact of the change in presentation.

3. New standards and amendments

The Belvédère Group has reviewed the new amendments, standards and interpretations that came into force on 1 January 2014.

Accordingly, the Group has applied the following standards as of 1 January 2014:

- ✓ IFRS 10 – Consolidated Financial Statements (retrospective application) supersedes IAS 27 – Consolidated and Separate Financial Statements, which now only covers separate financial statements, and SIC 12 – Consolidation – Special Purpose Entities.
  IFRS 10 defines control as the basis for the consolidation scope, regardless of the percentage of the interest held in a company.

- ✓ IFRS 11 – Joint Arrangements (retrospective application) replaces IAS 31 – Interests in Joint Ventures, and SIC 13 – Jointly Controlled Entities.
  According to this standard, the recognition of partnerships must rely on the substance of the agreements and on an assessment of the resulting rights and obligations. Joint arrangements are recognised in accordance with the percentage of assets, liabilities, income and expense held by the joint party. Jointly controlled entities are henceforth only consolidated according to the equity method required by IAS 28 – Investments in Associates and Joint Ventures, as correspondingly revised (elimination of the proportional consolidation method).

  As the Group already applied the equity method to recognise its interests in jointly controlled entities, none of these changes has any impact on the financial statements presented.

- ✓ IFRS 12 – Disclosures of Interests in Other Entities, where an entity owns interests in subsidiaries, joint ventures, associates or structured non-consolidated entities.

The other standards where application became mandatory in the European Union on 1 January 2014 have no impact on the Group's financial statements. These standards include:

- ✓ Amendments to IFRS 10, IFRS 11 and IFRS 12 – Transition guidance;
- ✓ Amendments to IFRS 10, IFRS 11 and IFRS 12 – Investment entities;
- ✓ Amendments to IAS 32 – Financial Instruments: Presentation – Offsetting financial assets and financial liabilities;
- ✓ Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets;
- ✓ Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting.

Furthermore, Belvédère has not opted for early application of the following standards, which were adopted by the European Union on 31 December 2014 but come into force after the 2014 financial year:

- ✓ IFRIC 21 – Levies, the application of which is mandatory for financial years beginning after 17 June 2014. This interpretation, which relates to the recognition of levies falling within the scope of application of IAS 37 – Provisions, changes the triggering event used to recognise a liability relating to the payment of a levy or contribution. The triggering event for the recognition of the liability is now the date on which the levy falls due. This interpretation applies retrospectively and its impact would be non-material as at 1 January 2014.

Lastly, the standards and interpretations likely to apply to the Belvédère Group, which have been published by the IASB but have not yet been adopted by the European Union as at 31 December 2014, are as follows:

- ✓ IFRS 15 – Revenue from Contracts with Customers;
- ✓ IFRS 9 – Financial Instruments (a standard intended to gradually supersede IAS 39);
- ✓ Amendments to IFRS 10 and IAS 28 – Sales or Contributions of Assets between an Investor and its Associate/Joint Venture;
- ✓ Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation;
- ✓ Amendments to IAS 16 and IAS 41 regarding Bearer Plants;
- ✓ Amendment to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations;
- ✓ Amendment to IAS 19 – Employee Contributions;
- ✓ Amendment to IAS 27 – Equity Method in Separate Financial Statements;
- ✓ Annual improvements to IFRS, 2012-2014 cycle (published in September 2014);
- ✓ Annual improvements to IFRS, 2011-2013 cycle (published in December 2013);
- ✓ Annual improvements to IFRS, 2010-2012 cycle (published in December 2013).

The potential impact of the application of these new standards and amendments on the financial statements is currently under review.

4. Measurement basis

The financial statements have been prepared according to the historical cost principle, with the exception of certain asset and liability categories measured at fair value in accordance with the rules imposed by IFRS.

5. Use of estimates and assumptions

The preparation of IFRS consolidated financial statements requires management to make judgements and estimates and to use assumptions that affect the accounting principles applied, as well as the valuation of assets, liabilities, income and expenses. Such estimates and assumptions are based on experience and on a set of criteria that Management considers reasonable and realistic, without third parties necessarily being in a position to judge those estimates and assumptions. Actual results may differ from such estimates.

The underlying estimates and assumptions are reviewed on an ongoing basis. The impact of these reviews is recorded in the accounting period in which the reviews took place or in future accounting periods, as applicable.

Information on the main judgements made when applying the accounting principles, and on the main assumptions relating to the use of estimates, is disclosed in the following notes:

Note 5.1: asset value tests

Note 6.2: valuation of pension commitments

Note 6.5: valuation of financial instruments

6. Consolidation method

Entities controlled directly or indirectly by Belvédère S.A. are fully consolidated. Control exists where Belvédère S.A. has the power to direct the entity's relevant business activities either directly or indirectly, with a view to influencing its exposure or its rights to variable returns from its involvement with that entity. To assess control, existing and potential voting rights, which are currently valid or may be converted in the future, are taken into account.

The financial statements of controlled entities are consolidated from the date when control is obtained until the date when control ceases.

Full consolidation enables all the assets, liabilities and income statement items of the companies concerned, and the share in their income and equity capital attributable to Belvédère, to be taken into account, after eliminating intra-Group transactions and income.

All material transactions between consolidated companies, together with any internal income within the consolidated entity (including dividends), are eliminated.

Companies over which the Group has a material influence or exercises joint control, either directly or indirectly, are consolidated using the equity method.

7. Translation method

Translation of the financial statements of subsidiaries that use a functional currency other than the euro

The balance sheets of companies whose functional currency is not the euro are converted into euros at the closing exchange rate, while their income statements and cash flow statements are converted into euros at the average exchange rate for the financial year. The resulting differences are entered under translation differences in equity capital until the investments to which they relate are disposed of or written off.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are considered as assets and liabilities of the foreign entity. They are denominated in the entity's functional currency and are converted at the closing exchange rate.

Transactions denominated in foreign currencies

Transactions denominated in foreign currencies are converted at the exchange rates in effect on the transaction date. At the financial year-end, monetary assets and liabilities in foreign currencies shown on the balance sheet are converted at the closing exchange rate. The resulting differences are entered in the income statement, with the exception of differences arising from transactions equivalent to net investment transactions, which are directly entered as translation differences in equity capital.

8. Presentation of current/non-current items

Belvédère presents the assets and liabilities in its consolidated balance sheet in accordance with a current/non-current classification.

An asset is considered as current if it is:

- Used or sold as part of the normal operating cycle;
- Held for transaction purposes over a period of less than 12 months following the financial year-end;
- A cash management asset whose use is not subject to restrictions.

All other assets are classified as non-current.

A liability is considered as current if it is:

- Settled as part of the normal operating cycle;
- Settled within a period of 12 months following the financial year-end.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

9. Business combinations and goodwill

Business combinations are recognised under the acquisition method, pursuant to IFRS 3 revised. Identifiable assets, liabilities and contingent liabilities and non-controlling interests in the acquired entity (minority interests) are recognised at their acquisition-date fair value after a maximum 12-month measurement period starting on the acquisition date.

The difference between 1) the sum of the fair value of the consideration transferred by the purchaser and the amount of the minority interests in the acquired entity and 2) the fair value of the identifiable assets and liabilities is recognised under goodwill. In the event that this difference is negative (badwill), it is recorded under income (profit) at the acquisition date.

The transaction expenses incurred by the Group as part of a business combination, such as business finders' fees, legal fees, due diligence fees and other professional and advisory fees are expensed as they are incurred.

In transactions with minority shareholders, the difference between the price paid and the share of minority interests acquired is directly recorded in equity capital.

10. Trademarks and other intangible assets

Other intangible assets include trademarks, software, patents, software licensing agreements and long-term leasehold rights on land in Poland.

Trademarks are not amortised if their useful life can be considered as indefinite. Trademarks with a finite useful life in view of their positions on their respective markets and the valuation of their inherent operating risks are amortised over their estimated useful life, which is usually 15 years.

Long-term leasehold rights on land in Poland meet the criteria for recognising an intangible asset under IFRS and are amortised over the 99-year period of the long-term lease.

11. Property, plant and equipment

Land, buildings and plant are valued at their acquisition cost less accumulated depreciation and any impairment charges recorded.

Depreciation of property, plant and equipment is calculated according to the straight-line method based on the component parts and their estimated useful lives.

The average depreciation periods applied are as follows:

- ✓ buildings (administrative and commercial): 10-50 years
- ✓ fixtures and fittings: 3-15 years
- ✓ equipment and tools: 5-20 years
- ✓ other fixed assets: 3-10 years

If the recoverable value of property, plant and equipment is lower than its net book value, its book value is written down accordingly.

Assets held under finance leases that substantially transfer the risks and rewards of ownership to the Group are recognised as fixed assets. These fixed assets are depreciated according to the straight-line method based on their estimated useful life, or the term of the lease if it is shorter. The corresponding liability is entered under liabilities.

12. Biological assets

IAS 41 provides for the recognition of biological assets and their production at fair value, subject to the possibility of obtaining a reliable price reference (e.g. based on an active market).

The Group's vines (plantations), which are recorded as fixed assets, meet the definition of biological assets under IAS 41. Their fair value cannot be reliably measured separately from the value of the land. In fact, the plantations are physically linked to the land on which they grow and there is no separate market for these plantations. Consequently, the vines are measured at cost less depreciation and impairment charges, and no subsequent revaluation is performed.

13. Impairment of fixed assets

Fixed assets with an indefinite useful life are tested for impairment at least once a year, and more often if there is evidence of impairment. Fixed assets with a finite useful life are tested for impairment whenever there is evidence of impairment.

The test consists in comparing the recoverable value of an asset or cash generating unit (CGU) with its book value.

The recoverable value of the CGU is the higher of the values determined in accordance with the following two methods:

- ✓ The value-in-use calculated by discounting the future cash flows generated by the asset tested or by the CGU to which it belongs;
- ✓ The fair value less selling costs obtained using the stock market comparables method, or else by reference to market values for comparable assets.

Value-in-use is determined on the basis of discounted future cash flows determined according to the 2018 BIG strategic plan. The translation of the strategic plan into cash flows was based on a certain number of key assumptions and judgements aimed at determining the trend in the markets in which the Group operates. As a result, the actual cash flows may differ from the estimated forecast cash flows used in order to determine value-in-use. Discount and long-term growth rates derived from analyses of the sector in which the Group operates are applied in order to estimate value-in-use. The discount rates used are post-tax rates specific to each geographical region and applied to post-tax cash flows.

For the purposes of this test, fixed assets that cannot be tested individually are grouped into CGUs and the goodwill is assigned to the various CGUs (or group of CGUs). CGUs are uniform groups of assets whose ongoing use generates cash inflows that are mostly independent of the cash inflows generated by other asset groups. From a practical standpoint, the Belvédère Group's CGUs correspond to the geographical regions identified in the 2018 BIG plan.

Where the recoverable value of a CGU is lower than its net book value, the corresponding impairment is assigned first to goodwill and is recognised in operating profit/(loss) on the *Non-recurring operating expenses* line.

Pursuant to IAS 36, the Group assesses the sensitivity of the values resulting from impairment tests on the CGUs to which material amounts of goodwill and/or intangible assets with an indefinite useful life are attached, in relation to the key assumptions used in these tests (terminal year operating margin) and to the discount rates and long-term growth rates applied.

In the case of the assets tested, the assessment consists in (i) consecutively varying the key assumptions and rates selected and comparing the simulated recoverable values obtained with the book value, in order to calculate the potential impairment for each asset, and (ii) determining the amount above which the value of the key assumption would have to be adjusted in order for the recoverable value to be equal to the book value.

Trademarks are considered as individual assets and are tested separately from other assets and separately from the CGUs. The test on trademarks is initially performed as part of the impairment tests (before the tests performed on the CGUs).

The recoverable value of a trademark is the higher of its net resale value and its value-in-use. Value-in-use is calculated by discounting the future surplus cash flows generated by the trademark.

An impairment charge is reversed, except in the case of goodwill, if the information underlying the recoverable value calculation changes (the increase in the book value of an asset due to the reversal of an impairment charge is limited to the book value after amortisation and depreciation that would have been determined if no impairment charge had been recorded in the first place).

14. Financial instruments

Financial instruments include financial assets and liabilities.

Some financial instruments are valued at fair value. Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties under normal market conditions. Listed prices on an active market represent the best indication of financial instruments' fair value. In the absence of such listed prices, fair value is determined by applying recognised valuation techniques based on "observable" market data.

Financial assets held for sale:

Equity investments in non-consolidated companies are classified in this category. These assets are recognised at their acquisition cost on the balance sheet when they are initially recognised. Changes in the fair value are recognised directly in equity capital except in the event of material or permanent impairment.

Financial derivatives:

The Group uses financial derivatives to hedge its currency and interest rate risk. These financial instruments are initially recognised at their fair value, which usually corresponds to the transaction price, under other current assets or liabilities on the balance sheet, and are subsequently valued at their market value (fair value). Changes in fair value are entered in the income statement.

Some derivatives can be classified as fair value hedges (hedges against currency and interest rate risks), or as cash flow hedges (in the event of future purchases or sales).

Hedge accounting applies to these derivatives if the following criteria are met:

- ✓ the hedging relationship is clearly defined and appropriate documentation exists on the date when the transaction is arranged;
- ✓ the effectiveness of the hedge can be reliably demonstrated from the outset.

The accounting consequences of hedge accounting are as follows:

- ✓ Fair value hedges

The hedge and the hedged item are valued at their fair value. Changes in their fair value are symmetrically entered in the income statement. Where the hedge is effective, the change in the fair value of the hedging instrument offsets the opposite change in the fair value of the hedged item.

- ✓ Future cash flow hedges

The hedging instrument is valued at fair value. The effective portion of the change in fair value is entered directly in equity capital, while the ineffective portion is entered in the income statement.

The amounts recorded in equity capital are subsequently taken to the income statement when the hedged transaction is performed.

Loans and debt instruments:

Bank loans and debt instruments are initially measured at fair value less the transaction costs directly attributable to the transaction.

They are subsequently valued at their amortised cost using the effective interest rate method.

The effective interest rate is the rate used to accurately discount the future cash inflows and outflows over the specified term of the financial instrument, or over a shorter period, where applicable, in order to obtain the net book value of the financial asset or liability.

Composite instruments:

Certain financial instruments contain both debt and equity components. The different components of these instruments are recognised under equity capital and debt instruments respectively, in accordance with IAS 32. Where the fair value of the composite instrument is broken down between its debt and equity components, the equity component is defined as the difference between the fair value of the overall composite instrument and the debt component. The debt component is calculated as the market value of a debt instrument that has similar characteristic features but does not include an equity component.

Loans and receivables:

Loans and receivables are financial assets other than derivatives with fixed or determinable payments, which are not listed on an active market.

They include receivables related to equity investments, other loans and receivables granted to non-consolidated entities. These instruments are valued at fair value when first recognised, and then at amortised cost.

15. Trade receivables

Trade receivables are measured at fair value when they are initially recognised, and an impairment charge is recorded when it appears that their recovery is uncertain. This impairment charge, which is determined on a case-by-case basis, is equal to the initial value of the receivable excluding tax and the estimated recoverable value.

Trade receivables not due that are assigned under a factoring agreement and that do not meet the IAS 39 deconsolidation criteria are retained under *Trade and other receivables*. A payable is recorded in consideration for the cash received.

16. Inventory

Inventory is valued at the lower of its actual cost price and its net realisable value. The cost price includes purchase costs, processing costs and other costs incurred to bring the inventory to its present location and condition. The cost price is usually calculated according to the weighted average unit cost method.

17. Impairment of financial assets

A financial asset is impaired if there is objective evidence that one or several events have had a negative impact on the asset's estimated future cash flows.

The impairment of a financial asset valued at amortised cost corresponds to the difference between its book value and the value of the estimated future cash flows discounted at the financial assets' original effective interest rate.

A separate impairment test is carried out on each material financial asset. Other assets are tested in groups that display similar credit risk characteristics.

Impairment charges are recognised in the income statement.

18. Cash and cash equivalents

Cash and cash equivalents include immediately available cash items: cash at bank, short-term deposits, units in UCITS that meet the definition of cash equivalents and short-term investments with a term of less than three months. All cash and cash equivalent components are valued at fair value through the income statement.

To the extent that they are considered as financing, bank overdrafts are not included in cash and cash equivalents.

19. Deferred taxes

In accordance with IAS 12, deferred tax is calculated for all temporary differences between the book values of assets and liabilities and their tax bases.

The tax rate used is the statutory tax rate in effect at the date when the temporary difference will reverse, i.e. usually the tax rate for the current financial year or the rate forecast for subsequent financial years, if it is known with certainty.

Deferred tax liabilities are automatically recognised, while deferred tax assets are only recognised if there is a reasonable chance that they will be realised in the short term.

20. Treasury shares

In accordance with IAS 32, treasury shares are deducted from consolidated equity capital at their acquisition cost. The income from the disposal of these shares is offset in the consolidated income statement.

21. Provisions

In accordance IAS 37, the Group records provisions as soon as present obligations (legal or constructive) arising from past events materialise, it is likely that outflows of resources representing economic benefits will be necessary to settle those obligations, and the amount of these outflows can be estimated on a reliable basis.

Provisions primarily include provisions for tax risks and for employee and commercial disputes.

Where the time value is material, the amount of the provision is calculated by discounting expected future cash flows at the pre-tax discount rate reflecting the market's current assessment of the time value of money and, where appropriate, the specific risk of the liability. The effects relating to the unwinding of the discount are recorded in financial expense.

22. Investment subsidy

The option chosen to present investment subsidies is their recognition under deferred income, as authorised by IAS 20.

The subsidy is transferred to income over the useful life of the asset to which it is attached.

23. Employee benefits

The Group contributes to pension and retirement benefit schemes in accordance with the laws and practices in each country where it operates.

In the case of basic and other defined contribution schemes, the Group expenses the contributions payable as they fall due and no provision is recorded, since the Group has no commitments in addition to the contributions paid.

In the case of defined benefit schemes, these commitments are covered either by dedicated insurance funds or by provisions on the balance sheet, and are determined on the basis of actuarial valuation using the projected unit credit method, in accordance with IAS 19 revised, while factoring in staff turnover rates, mortality rates and the foreseeable trend in remuneration. The discount rate used is determined by the actuaries in their annual report.

The fair value of the plan assets is deducted from the provisions on the balance sheet.

The income and expense recorded in connection with defined benefit schemes primarily corresponds to:

- The cost of services rendered during the financial year and of past services recognised in operating income;
- The unwinding of the discount for the discounted value of the commitments, net of the expected return from the plan assets, which is recognised in financial income.

Actuarial differences are recognised in items of other comprehensive income.

Actuarial provisions are also recorded for a certain number of benefits, such as long-service awards and anniversary bonuses in various countries.

24. Discontinued operations

In accordance with IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations, assets and liabilities held for sale are presented separately on the balance sheet at a value that represents the lower of their book value and their fair value less selling costs. These assets are no longer depreciated. An asset is considered as held for sale if recovery of its book value is mainly dependent on a sale transaction rather than on continual use. The asset must be available for immediate sale and its sale must be highly likely. The balance sheet items relating to discontinued operations are presented on specific lines in the consolidated annual financial statements. Income statement items relating to these held-for-sale or discontinued operations are separated out in the financial statements for all the periods shown, if they are of a material nature for the Group.

25. Revenue recognition

Revenues arising from the sale of products are recognised net of any discounts and commercial benefits granted and net of sales taxes, if the risks and rewards of ownership have been transferred to the customer or if the service has been provided.

Pursuant to IAS 18, some marketing costs, such as joint advertising campaigns with distributors, the cost of listing new products or point-of-sale promotional and advertising initiatives are deducted from revenues, if there is no distinct service where the fair value can be reliably measured.

The presentation of Group revenues was changed over the period via the addition of the new line item showing revenues excluding excise duties paid by the Group on products sold over the period.

Excise duties paid by the Group in respect of products included in Group inventory at the year-end date are retained in inventory.

The impact of this restatement on the Group's income statement is explained in section 29 below.

26. Underlying operating profit/(loss)

Underlying operating profit/(loss) is generated by the operations in which the Company is involved as part of its business affairs, as well as by the related activities that it performs on ancillary basis as an extension of its normal business activities.

Non-recurring operating income and expenses are excluded from underlying operating profit/(loss) where they are the result of unusual events or transactions.

Accordingly, the following items are considered as non-recurring:

- ✓ Gains or losses on asset disposals;
- ✓ Impairment of goodwill and fixed assets;
- ✓ Restructuring expenses;
- ✓ Items relating to the Group's financial restructuring.

27. Net financial income

Net financial income includes the gross cost of debt, income from cash and cash equivalents, other financial income and expenses, and changes in the fair value recorded for debt instruments.

All interest expenses are recorded in the year when they are incurred.

28. Earnings per share

Earnings per share are calculated by dividing net profit, Group share, by the average number of shares outstanding during the financial year, after deduction of treasury shares.

Diluted earnings per share are calculated by taking into account the impact of dilutive factors on the average number of shares outstanding (treasury warrants, or "BSAR", are excluded from the calculation basis).

29. Impact of the presentation change

The presentation changes made by the Group over the financial year break down as follows:

€000 unless stated otherwise	2013 published	Reclassification of excise duties	Commercial discounts and benefits US	2013 restated
Gross revenues	**859,911**		(3,047)	**856,864**
Excise duties		(317,298)		(317,298)
Revenues excluding excise duties	**859,911**			**539,566**
Purchases consumed	(360,186)	(11,471)		(371,657)
External charges	(85,502)		3,047	(82,455)
Personnel costs	(63,903)			(63,903)
Taxes and levies	(337,665)	328,770		(8,895)
Depreciation charges	(8,461)			(8,461)
Other operating income	11,558			11,558
Other operating expenses	(15,473)			(15,473)
Underlying operating profit/(loss)	**279**			**279**
Non-recurring operating income	32,436			32,436
Non-recurring operating expenses	(68,453)			(68,453)
Operating profit/(loss)	**(35,737)**			**(35,737)**

€000 unless stated otherwise	2012 published	Reclassification of excise duties	Commercial discounts and benefits US	2012 restated
Gross revenues	**894,935**		(3,035)	**891,900**
Excise duties		(340,636)		(340,636)
Revenues excluding excise duties	**894,935**			**551,264**
Purchases consumed	(381,889)	(494)		(382,383)
External charges	(91,515)		3,035	(88,479)
Personnel costs	(65,961)			(65,961)
Taxes and levies	(349,864)	341,130		(8,734)
Depreciation charges	(9,818)			(9,818)
Other operating income	9,225			9,225
Other operating expenses	(14,162)			(14,162)

Underlying operating profit/(loss)	**(9,048)**		**(9,048)**
Non-recurring operating income	8,023		8,023
Non-recurring operating expenses	(83,951)		(83,951)
Operating profit/(loss)	**(84,976)**		**(84,976)**

Note 2. Change in consolidation scope

In 2014

As part of the measures aimed at streamlining the Polish organisational structure, Hasis, TMT Centrum, Rokicki, Wawrzyniak II, HZ, Tritex, Redo, Miltihurt and MAAK were merged with Sobieski Trade during the year.

In France, Distilleries Françaises merged with Marie Brizard as at 31 December 2014, while the Group's interest in CI Nolet & Co was sold for a transaction value of €3.5 million.

The three Ukrainian companies, Belvédère Ukraina, Italiano Ukrainian and Boisson Elite, were deconsolidated. These companies, which have seen their business volumes shrink considerably, and whose outlook is doubtful, are the subject of liquidation proceedings announced on 22 January 2014. As the Group has lost control over these entities, they were deconsolidated at the beginning of 2014. To hedge its exposure to Ukraine, the Group has written off all its receivables against these entities, which amount to €4.3 million.

In 2013

There was no change in the consolidation scope during the 2013 financial year.

Please note the change in the percentage interest held in the Bulgarian subsidiaries between 31 December 2012 and 31 December 2013.

In 2012

One company was founded in Latvia in May 2012, Belvedere Distribution SIA Latvia, a wholly owned subsidiary of the Lithuanian company Belvedere Prekyba. This company had no significant business activities in the 1st half of 2012.

In July 2012, a Belarus company named Galiart Group was founded via a contribution of assets from Galiart, another Belarus company. The former company is wholly owned by the latter. Galiart Group is intended to act as the holding company for certain Group property assets in Belarus, and has no business activities.

Discontinued operations

In its strategic plan, the Group announced its desire to sell non-strategic assets and assets that generate operating losses. These are primarily wholesale activities in Poland, superfluous production equipment in Poland and property assets in Poland and France.

As at 31 December 2014, Belvédère's Management reviewed the progress of the sale process for each asset identified according to the following criteria:

- ✓ Availability of the asset;
- ✓ Sale plan initiated by the management team;
- ✓ Programme in place for finding a buyer;
- ✓ Likelihood of a sale within a period of less than one year.

The Belvédère Management believes that three assets meet the above criteria: Galerie Alkoholi, the Polish company, for which the last conditions precedent to the sale have been lifted, Galiart, the Belarus company, which was sold in February 2015, and the Fondaudège facility in France.

As a reminder, the Group must obtain the agreement of the judge responsible for the execution of the plan in the event of a disposal, as part of its business continuity plan.

There were no discontinued operations during the comparable period comprising financial years 2012 and 2013.

Note 3. Segment information

The financial information for each segment is presented in the same manner as the internal reporting process used to measure the Group's performance.

Geographical regions

(€000)	Poland	Western Europe	Lithuania	Bulgaria	Other Countries	Holding Company	Inter-segment	31 December 2014
Third party revenues	388,631	232,315	60,380	5,705	29,436	62		**716,529**
Inter-segment revenues	14,658	1,277	755	266		4,022	(20,978)	
Revenues	**403,288**	**233,592**	**61,135**	**5,971**	**29,436**	**4,084**	**(20,978)**	**716,529**
Excise duties	(209,672)		(38,607)		(1,572)			**(249,851)**
Revenues excluding excise duty	**193,616**	**233,592**	**22,528**	**5,971**	**27,864**	**4,084**	**(20,978)**	**466,678**
Underlying operating profit/(loss)	**(1,958)**	**9,309**	**1,518**	**(401)**	**(168)**	**(7,258)**		**1,042**
Other operating income and expenses								**(14,956)**
Net financial income/(expenses)								**(4,224)**
Tax (charge)/income								**(60)**
Profit/(loss)								**(18,198)**
Goodwill	5,152	24,446	334					**29,932**
Intangible assets	9,875	98,732	118	177	1,235	762		**110,900**
Property, plant and equipment	15,899	14,430	8,120	2,239	2,163	71		**42,922**
Fixed assets	**30,926**	**137,608**	**8,572**	**2,416**	**3,399**	**833**		**183,753**
Working capital	**3,912**	**36,211**	**8,100**	**(6,897)**	**(6,795)**	**47,726**		**82,257**
Deferred taxes and non-current liabilities	**(20,452)**	**(45,467)**	**(2,829)**	**46**	**286**	**(31,170)**		**(99,587)**
Capital employed	**14,385**	**128,352**	**13,842**	**(4,436)**	**(3,110)**	**17,389**		**166,423**
Capital expenditure	2,263	1,986	211	160	141	84		**4,847**
Depreciation charges	(3,001)	(2,906)	(962)	(326)	(164)	(23)		**(7,382)**

(€000)	Poland	Western Europe	Lithuania	Bulgaria	Other Countries	Holding Company	Inter-segment	31 December 2013 restated
Third party revenues	505,154	257,986	50,708	6,246	36,767	3		**856,864**
Inter-segment revenues	16,594	2,303	1,304	413		43	(20,656)	
Revenues	**521,748**	**260,289**	**52,012**	**6,659**	**36,767**	**46**	**(20,656)**	**856,864**
Excise duties	(282,246)		(33,285)		(1,768)			**(317,298)**
Revenues excluding excise duty	**239,502**	**260,289**	**18,727**	**6,659**	**34,999**	**46**	**(20,656)**	**539,566**
Underlying operating profit/(loss)	**810**	**12,490**	**603**	**(2,329)**	**3,284**	**(14,579)**		**279**
Other operating income and expenses								**(36,017)**
Net financial income/(expenses)								**226,170**
Share of profit and loss of associates								**(272)**

Tax (charge)/income								307
Profit/(loss)								**190,467**
Goodwill	5,857	24,446	343					30,646
Intangible assets	10,275	98,725	57	187	1,242	755		111,240
Property, plant and equipment	18,529	17,667	8,936	2,124	4,390	7		51,653
Fixed assets	**34,661**	**140,838**	**9,336**	**2,311**	**5,632**	**762**		**193,539**
Working capital	**36,941**	**52,816**	**8,721**	**(2,317)**	**(10,170)**	**36,465**		**122,456**
Deferred taxes and non-current liabilities	**(25,573)**	**(46,897)**	**(2,933)**	**134**	**(1,230)**	**(36,081)**		**(112,579)**
Capital employed	**46,029**	**146,756**	**15,125**	**127**	**(5,768)**	**1,146**		**203,415**
Capital expenditure	1,321	1,177	243	1,547	275	3		4,565
Depreciation charges	(3,541)	(2,746)	(1,071)	(690)	(407)	(6)		(8,461)

(€000)	Poland	Western Europe	Lithuania	Bulgaria	Other Countries	Holding Company	Inter-segment	31 December 2012 restated
Third party revenues	536,293	260,208	47,424	9,104	38,857	13		891,899
Inter-segment revenues	17,935	1,611	3,641	1,115	46	46	(24,394)	
Revenues	**554,228**	**261,819**	**51,065**	**10,219**	**38,903**	**59**	**(24,394)**	**891,899**
Excise duties	(306,843)		(32,004)		(1,788)			(340,636)
Revenues excluding excise duty	**247,385**	**261,819**	**19,061**	**10,219**	**37,115**	**59**	**(24,394)**	**551,264**
Underlying operating profit/(loss)	**8,608**	**3,962**	**380**	**(5,161)**	**(7,027)**	**(9,809)**		**(9,047)**
Other operating income and expenses								(75,928)
Net financial income/(expenses)								(24,562)
Share of profit and loss of associates								211
Tax (charge)/income								(9,231)
Profit/(loss)								**(118,557)**
Goodwill	5,972	24,446	350					30,768
Intangible assets	15,021	114,083	27	362	1,484	756		131,733
Property, plant and equipment	21,315	24,417	9,810	18,664	5,260	9		79,475
Fixed assets	**42,309**	**162,946**	**10,187**	**19,026**	**6,744**	**765**		**241,976**
Working capital	**(345)**	**48,957**	**6,928**	**1,186**	**(8,344)**	**(22,829)**		**25,553**
Deferred taxes and non-current liabilities	**(1,949)**	**(35,374)**	**(3,075)**	**39**	**810**	**(128)**		**(39,677)**
Capital employed	**40,015**	**176,529**	**14,039**	**20,252**	**(790)**	**(22,192)**		**227,853**
Capital expenditure	947	1,034	1,118	735	229	7		4,070
Depreciation charges	(3,952)	(3,331)	(907)	(1,103)	(515)	(9)		(9,817)

Belvédère generated net consolidated revenues of €466.7 million in 2014, down 13.5% from 2013.

The revenues set out above take into account the new presentation rules described in section 2 of Note 1.2 – *Accounting principles and policies*.

Note 4. Notes to the income statement

Note 4.1 External expenses

(€000)	2014	2013 restated	2012 restated
Marketing and promotion	(18,029)	(24,602)	(27,203)
Rental and maintenance	(13,052)	(14,065)	(14,208)
Transport	(11,236)	(14,161)	(15,677)
Other external services	(31,982)	(29,626)	(31,392)
External charges	**(74,298)**	**(82,455)**	**(88,479)**

As a reminder, the Group signed a four-year partnership agreement with Bruce Willis, the US actor and film producer, for the promotion of Sobieski Vodka in 2009. This agreement ended in January 2014.

The main changes in external expenses in 2014 mainly consisted of a €6.6 million reduction in marketing expenses. This decrease was primarily due to the full-year effect of the termination of the representation agreement with Bruce Willis.

Note 4.2 Personnel costs

(€000)	2014	2013	2012
Payroll	(43,638)	(48,643)	(50,602)
Social security and personal insurance charges	(13,839)	(14,747)	(15,238)
Retirement provisions	(266)	(263)	61
Others	(194)	(250)	(182)
Personnel costs	**(57,937)**	**(63,903)**	**(65,961)**

Group headcount at year-end

3.

	31 December 2014	31 December 2013	31 December 2012
Total headcount	**2,493**	**2,975**	**3,142**

The most significant changes over the 2014 financial year were as follows:

- ✓ Restructuring in Poland (-223 people) and Bulgaria (-96 people);
- ✓ The removal of 103 people from the Ukraine headcount following the deconsolidation of the subsidiary.

Note 4.3 Other operating income and expenses

(€000)	Income	Expenditure	2014 net	2013 net	2012 net
Provisions and reversals	10,490	(6,992)	3,498	(1,625)	(2,362)
Proceeds from disposals of fixed assets				2	(159)
Other operating income and expenses	4,254	(6,018)	(1,764)	(2,294)	(2,415)
Other operating income and expenses	**14,744**	**(13,010)**	**1,734**	**(3,917)**	**(4,936)**

Note 4.4 Non-recurring operating income and expenses

(€000)	Income	Expenditure	2014 net
Impairment of goodwill, fixed assets and PP&E		(674)	(674)
Restructuring income and expenses	2,439	(11,122)	(8,683)
Gains/losses on asset disposals	5,208	(4,554)	654
Items related to Group financial restructuring	765	(7,018)	(6,253)
Other non-recurring income and expenditure	**8,412**	**(23,368)**	**(14,956)**

(€000)	Income	Expenditure	2013 net
Other non-recurring income and expenditure	**32,436**	**(68,453)**	**(36,017)**

(€000)	Income	Expenditure	2012 net
Other non-recurring income and expenditure	**8,023**	**(83,951)**	**(75,928)**

Non-recurring income and expense reflects transactions of a non-recurring nature, and is excluded from income from continuing operations to clarify comprehension and enable comparison between the periods presented.

4.

5. 2014 non-recurring net income broke down as follows:

- ✓ The impairment relates to a €0.7 million impairment charge on a biogas plant in Poland;
- ✓ The net restructuring expenses primarily consist of the costs relating to the closure of entities in India, Belarus and Ukraine (€5.4 million), the reorganisation of the sales force in Poland (€1.0 million) and the departure of employees who were not replaced at the French (€0.9 million) and US (€0.7 million) entities;
- ✓ Net income from asset disposals is primarily related to the disposal of shares in CI Nolet & Co, in an amount of €1.0 million;
- ✓ The main expenses relating to the Group's financial restructuring were:
  - o The fees excluding tax payable to Krzysztof Trylinski in relation to his support contract, which amounted to €2.3 million. Krzysztof Trylinski provided no services under this contract in 2014;
  - o A €3 million charge relating to the impairment of a stock of vodka acquired by one of the Polish entities in 2013. The assessments performed on this vodka show that the purchase value of the stock is not in line with observed purchase prices for vodkas in the same category. The Group reserves the right to initiate proceedings in connection with this purchase;

- Expenses and fees relating to various legal proceedings, which amounted to €1.7 million.

Other operating income amounted to €32.4 million in 2013 and primarily consisted of €21.1 million in proceeds from the disposal of assets, and of the reversal of a provision for FRN fees amounting to €9.1 million.

Other operating expenses amounted to €68.5 million in 2013, including the €22.8 million net book value of the assets sold, €20.1 million in fees relating to legal proceedings and €9.2 million in asset impairment charges.

Note 4.5 Net financial income

(€000)	Income	Expenditure	2014	2013	2012
Income from cash and cash equivalents	249		249	165	438
Interest and similar charges		(1,579)	(1,579)	(7,762)	(21,887)
Net cost of borrowings	**249**	**(1,579)**	**(1,330)**	**(7,597)**	**(21,449)**

(€000)	Income	Expenditure	2014 net	2013 net	2012 net
Provisions and reversals	100	(262)	(162)	(88)	(5,778)
Exchange gains/losses	5,087	(2,305)	2,783	(1,946)	1,392
Discounting effects	915	(6,934)	(6,019)	30,420	564
Difference between the fair value and book value of the FRN debt				203,942	
Other income	708	(205)	504	1,438	710
Other operating income and expenses	**6,811**	**(9,705)**	**(2,895)**	**233,767**	**(3,112)**
Net financial items	**7,060**	**(11,284)**	**(4,224)**	**226,169**	**(24,561)**

The decrease in the cost of debt compared with previous periods was primarily due to the Group's financial restructuring, which took place in 2013. Interest and similar expense amounted to €1.6 million in 2014 and primarily corresponded to the cost of bank overdrafts for some entities.

Other financial income and expense was primarily affected by foreign exchange gains and losses and by the impact of discounting the liabilities declared by creditors (excluding the FRN and bonds with redeemable warrants [OBSAR]) during the implementation of the rehabilitation plan and the arrangement of the carry-back receivable.

Note 4.6 Income tax

(€000)	2014	2013	2012
Current tax	(1,019)	1,566	(9,163)
Deferred taxes	958	(1,839)	(68)
Income tax expenses	**(60)**	**(272)**	**(9,231)**

Current taxes

The regions incurring the largest current tax charge are Brazil (€0.3 million) and the Baltic states (€0.2 million).

The Polish entities recognised a portion of their tax-loss carry-forward in 2014.

The Group has tax-loss carry-forwards, primarily in France (€209.4 million as at 31 December 2014), the US and Poland.

Given the outlook regarding short-term taxable income, the Group only recognised €0.9 million of its tax-loss carry-forwards in Poland.

Reconciliation of the effective tax charge with pre-tax income

(€000)	2014	2013	2012
Total consolidated net income/(loss)	**(18,198)**	**190,467**	**(118,558)**
Share of profit/(loss) of associates		(307)	(211)
Less net profit/(loss) from discontinued operations			
Tax (charge)/income	60	272	9,231
Pre-tax net profit/(loss)	**(18,138)**	**190,433**	**(109,538)**
Theoretical tax charge at statutory rate (36.10%)	6,548	(68,746)	39,543
Permanent tax differences	(1,870)	74,218	(1,360)
Provision for taxes		175	(6,367)
Impact of tax losses brought forward	989	3,451	120
Recognition/(derecognition) of prior losses not recognised/(recognised)	643	(906)	(7,314)
Impact of goodwill impairment charges			(16,871)
Unrecognised deferred tax		10,097	11,045
Impact of losses not recognised	(6,631)	(16,762)	(28,908)
Income tax on French companies at different rates	(258)	(714)	(330)
Income tax on foreign companies at different rates	(174)	(1,230)	1,277
Tax credits	693	146	
Other impacts			(67)
Actual tax expense	**(60)**	**(272)**	**(9,231)**

Unrecognised tax losses primarily belong to the French sub-group, including €4,833,000 for Belvédère SA and €1,256,000 for Marie Brizard.

Change in deferred tax asset and liability balances

(€000)	2013	Recorded in the income statement	Reclassification	Change in consolidation	Translation differences	2014
Deferred tax assets	2,497	2,144	(1,358)	(1)	111	3,393
Deferred tax liabilities	40,731	1,186	(3,300)	31	120	38,768
Net deferred tax assets	**(38,234)**	**958**	**1,957**	**(32)**	**(10)**	**(35,360)**

(€000)	2012	Recorded in the income statement	Reclassification	Translation differences	2013
Deferred tax assets	4,373	(2,454)	1,202	(624)	2,497
Deferred tax liabilities	40,880	(614)	1,133	(668)	40,731
Net deferred tax assets	**(36,507)**	**(1,840)**	**176**	**44**	**(38,234)**

(€000)	2011	Recorded in the income statement	Reclassification	Change in consolidation	Translation differences	2012
Deferred tax assets	11,006	(6,849)			216	4,373
Deferred tax liabilities	47,422	(6,781)			239	40,880
Net deferred tax assets	**(36,416)**	**(68)**			**(23)**	**(36,507)**

The deferred tax assets primarily consist of recognised tax losses and deferred tax arising from temporary differences. Tax-loss carry-forwards are recognised by companies that expect to be able to use these losses in the short term.

Deferred tax liabilities mostly relate to asset valuation differences recorded at the time these assets were acquired, primarily within the Marie Brizard sub-group.

Tax receivables shown on the balance sheet

The amount of the tax receivables shown on the balance sheet as at 31 December 2014 (€33,164,000) primarily corresponds to Belvédère's carry-back receivable. The repayment of this receivable (€31,011,000) was obtained on 26 February 2015.

Note 4.7 Earnings per share

€000 unless stated otherwise	**2014**	**2013**	**2012**
Numerator *(€000)*			
Net profit/(loss), Group share	(19,096)	190,260	(117,792)
Net profit/(loss) from continuing operations, Group share	(19,096)	190,260	(117,792)
Denominator *(number of shares)*			
Number of shares outstanding	26,479,328	19,077,206	2,996,118
Number of shares outstanding after dilution	32,429,232	25,027,382	2,996,118
Earnings per share *(in €)*			
Net earnings per share, Group share (€)	-0.72 €	9.97 €	-39.31 €
Diluted net earnings per share, Group share (€)	-0.72 €	7.60 €	-39.31 €
Net earnings per share from continuing operations, Group share (€)	-0.72 €	9.97 €	-39.31 €
Diluted net earnings per share from continuing operations, Group share (€)	-0.72 €	7.60 €	-39.31 €

Note 5. Notes on consolidated assets

Note 5.1 Goodwill

(€000)	Opening 31/12/2013	Impairment	Change in consolidation	Transfer	Translation differences	Closing 31/12/2014
Gross goodwill:	**186,760**		**(7,483)**	**(1,420)**	**(1,015)**	**176,842**
- France	143,216					143,216
- Poland	41,461		(7,156)	(1,361)	(1,005)	31,939
- Ukraine	327		(327)			
- USA	1,315					1,315
- Others	441			(59)	(10)	372
Impairment:	**(156,114)**		**7,020**	**1,332**	**852**	**(146,910)**
- France	(118,770)					(118,770)
- Poland	(35,604)		6,692	1,273	852	(26,787)
- Ukraine	(327)		327			
- USA	(1,315)					(1,315)
- Others	(97)		1	59		(38)
Net goodwill	**30,646**		**(462)**	**(88)**	**(164)**	**29,932**

(€000)	Opening 31/12/2012	Impairment	Change in consolidation	Transfer	Translation differences	Closing 31/12/2013
Gross goodwill:	**187,615**				**(855)**	**186,760**
- France	143,216					143,216
- Poland	42,278				(817)	41,461
- Ukraine	349				(22)	327
- USA	1,315					1,315
- Others	457				(16)	441
Impairment:	**(156,847)**				**733**	**(156,114)**
- France	(118,770)					(118,770)
- Poland	(36,306)				702	(35,604)
- Ukraine	(349)				22	(327)
- USA	(1,315)					(1,315)
- Others	(107)				10	(97)
Net goodwill	**30,768**				**(122)**	**30,646**

(€000)	Opening 31/12/2011	Impairment	Change in consolidation	Transfer	Translation differences	Closing 31/12/2012
Gross goodwill:	**183,955**				**3,660**	**187,615**
- France	143,216					143,216
- Poland	38,637				3,641	42,278
- Ukraine	357				(8)	349
- USA	1,315					1,315
- Others	430				27	457
Impairment:	**(107,519)**	**(46,733)**			**(2,595)**	**(156,847)**
- France	(80,428)	(38,342)				(118,770)

- Poland	(25,665)	(8,036)			(2,605)	(36,306)
- Ukraine		(355)			6	(349)
- USA	(1,315)					(1,315)
- Others	(111)				4	(107)
Net goodwill	**76,437**	**(46,733)**			**1,065**	**30,768**

The goodwill arose from the historical brand acquisitions made by the Belvédère Group. The three most important acquisitions were Marie Brizard, William Peel, and Berger.

The changes in the consolidation scope set out in the table below relate to the deconsolidation of the Wawrzynia trademark in Poland as a result of its liquidation.

Impairment tests on goodwill:

A review of the Group's assets was performed as at 31 December 2014, in accordance with IAS 36. The cash management plans used for these tests were based on the assumptions presented to investors as part of the 2018 BIG strategic plan. The key assumptions used to prepare this plan specifically include the expected growth rates for the wine and spirits sector and the Group's ability to successfully implement the initiatives described in the plan presentation under Note 1.1 – Highlights.

Impairment tests were performed on the following regions in 2014: France, Poland and Lithuania.
No impairment charge was recorded for 2014 on the basis of the goodwill impairment tests.

Sensitivity testing

➢ Poland

Assumptions adopted	Value adopted	Change in assumptions	Simulated value	Impact on value in use (€000)
Discount rate	10.00%	+0.5 pt	10.50%	(5,386)
Growth rate to infinity	2.00%	-0.5 pt	1.50%	(4,302)
Operating margin	12.57%	-0.5 pt	12.07%	(3,914)
Impact of combined application of discount rate and growth rate				(9,150)
Impact of combined application of discount rate and operating margin				(9,012)

In view of the value of the assets as at 31 December 2014, the sensitivity tests show that no impairment charges would need to be recorded in the event of a change in the assumptions, as simulated above.

➢ France

Assumptions adopted	Value adopted	Change in assumptions	Simulated value	Impact on value in use (€000)
Discount rate	7.80%	+0.5 pt	8.30%	(15,362)
Growth rate to infinity	2.00%	-0.5 pt	1.50%	(12,949)
Operating margin	8.46%	-0.5 pt	7.96%	(11,091)
Impact of combined application of discount rate and growth rate				(26,230)
Impact of combined application of discount rate and operating margin				(25,409)

In view of the value of the assets as at 31 December 2014, the sensitivity tests show that no impairment charges would need to be recorded in the event of a change in the assumptions, as simulated above.

- ## Lithuania

Assumptions adopted	Value adopted	Change in assumptions	Simulated value	Impact on value in use (€000)
Discount rate	9.50%	+0.5 pt	10.00%	(1,621)
Growth rate to infinity	2.00%	-0.5 pt	1.50%	(1,310)
Operating margin	13.93%	-0.5 pt	13.43%	(1,121)
Impact of combined application of discount rate and growth rate				(2,758)
Impact of combined application of discount rate and operating margin				(2,655)

In view of the value of the assets as at 31 December 2014, the sensitivity tests show that no impairment charges would need to be recorded in the event of a change in the assumptions, as simulated above.

Note 5.2 Trademarks and other intangible assets

(€000)	Opening 31/12/2013	Acquisitions	Disposals	Net charges/impairment	Movements and reclassifications	Change in consolidation	Translation differences	Closing 31/12/2014
Concessions and patents	2,257	62	(61)		(8)		(6)	2,244
Trademarks	138,645						(170)	138,475
Other intangible assets	21,251	231	(67)		(45)	(11)	(327)	21,031
Gross	**162,153**	**292**	**(128)**		**(53)**	**(11)**	**(503)**	**161,750**
Concessions and patents	(642)		61	(18)	3		6	(591)
Trademarks	(36,147)			(33)			115	(36,065)
Other intangible assets	(14,123)		38	(339)	27	1	202	(14,195)
Amortisation and provisions	**(50,912)**		**99**	**(390)**	**29**	**1**	**324**	**(50,850)**
Net	**111,240**	**292**	**(29)**	**(390)**	**(23)**	**(11)**	**(179)**	**110,900**

(€000)	Opening 31/12/2012	Acquisitions	Disposals	Net charges/impairment	Movements and reclassifications	Change in consolidation	Translation differences	Closing 31/12/2013
Concessions and patents	2,348	57	(141)				(9)	2,257
Trademarks (1)	154,702		(15,674)				(383)	138,645
Other intangible assets	21,243	275	(41)				(226)	21,251
Gross	**178,294**	**332**	**(15,856)**				**(618)**	**162,153**
Concessions and patents	(780)			131			8	(642)
Trademarks	(32,112)			(3,976)			(58)	(36,147)
Other intangible assets	(13,667)			(520)			64	(14,123)
Amortisation and provisions	**(46,560)**			**(4,366)**			**14**	**(50,912)**
Net	**131,734**	**332**	**(15,856)**	**(4,366)**			**(605)**	**111,240**

(1) The Danzka trademark was sold for €19,400,000 on 10 April 2013, resulting in a €3,726,000 capital gain. €15,400,000 was received when the agreement was signed, while the €4 million balance was placed in an escrow account with Caisse des Depots et Consignations until 10 May 2014 (12 months and 30 days, which corresponds to the warranty period).

(€000)	Opening 31/12/2011	Acquisitions	Disposals	Net charges/impairment	Movements and reclassifications	Change in consolidation	Translation differences	Closing 31/12/2012
Concessions and patents	2,401						(53)	2,348
Trademarks	154,283						419	154,702
Other intangible assets	20,200	40	(28)				1,031	21,243
Gross	**176,885**	**40**	**(28)**				**1,397**	**178,294**
Concessions and patents	(820)			(13)			52	(780)
Trademarks	(16,131)			(15,982)				(32,112)
Other intangible assets	(12,022)		28	(1,385)			(288)	(13,667)
Amortisation and provisions	**(28,973)**		**28**	**(17,380)**			**(236)**	**(46,560)**
Net	**147,912**	**40**		**(17,380)**			**1,161**	**131,734**

Trademarks

The net book value of the trademarks was €102,411,000 as at 31 December 2014. The main trademarks valued were those of the Marie Brizard sub-group (acquired by the Group in 2006).

The Zawisza trademark was pledged to a bank as security for a loan for a residual principal amount of €1,360,000 as at 31 December 2014.

Leasehold rights

Long-term leasehold rights on land in Poland meet the criteria for recognising an intangible asset under IFRS, and are amortised over the 99-year period of the long-term lease.

The net value of the long-term leasehold rights recognised under *Other intangible assets* as at 31 December 2014 amounted to €7,367,000.

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Impairment tests on trademarks

A review of the Group's assets was performed as at 31 December 2014, in accordance with IAS 36.

The method used to determine the value-in-use of the trademarks is set out in Note 1.2 – Accounting rules and policies; *Section 10 – Trademarks and other intangible assets.*

During the impairment tests on goodwill and trademarks, the long-term growth assumptions used were determined by taking into account the growth rates recorded over the last few financial years, and the growth prospects arising from the assumptions in the 2018 BIG plan.

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ccordingly, no impairment charges or reversals of provisions for impairment were recorded as at 31 December 2014.

Sensitivity test on all trademarks:

Assumptions adopted	Value adopted – Polish trademarks	Value adopted – French trademarks	Change in assumptions	Impairment (€000)
Discount rate	10.00%	7.80%	+0.5 pt	(4,893)
Growth rate to infinity	2.00%	2.00%	-0.5 pt	(4,105)
Operating margin	Varies according to trademark		-0.5 pt	(997)
Impact of combined application of discount rate and growth rate				(8,400)
Impact of combined application of discount rate and operating margin				(5,859)

Note 5.3 Property, plant and equipment

(€000)	Opening 31/12/2013	Acquisitions	Disposals	Net charges/impairment	Allocations of assets in progress and reclassification	Change in consolidation	Translation differences	Closing 31/12/2014
Land	11,477	166	(49)		(483)		(32)	11,079
Buildings	91,846	626	(578)		(3,366)	(1,284)	(682)	86,563
Plant, machinery and equipment	101,589	1,133	(2,219)		(326)	(2,686)	(1,030)	96,460
Other PP&E	23,285	2,333	(3,272)		(353)	(390)	(118)	21,483
PP&E in progress	992	297			(260)		(7)	1,023
Gross	**229,189**	**4,555**	**(6,118)**		**(4,788)**	**(4,360)**	**(1,869)**	**216,608**
Landscaping	(1,415)			(62)			5	(1,472)
Buildings	(61,149)		425	(2,958)	(3,474)	295	457	(66,405)
Plant, machinery and equipment	(87,606)		2,149	(3,577)	532	1,247	889	(86,366)
Other PP&E	(27,045)		1,911	151	5,391	375	78	(19,138)
PP&E in progress	(321)			(2)	19			(304)
Depreciation and provisions	**(177,537)**		**4,485**	**(6,448)**	**2,468**	**1,917**	**1,429**	**(173,686)**
Net	**51,652**	**4,555**	**(1,633)**	**(6,448)**	**(2,320)**	**(2,443)**	**(440)**	**42,922**

(€000)	Opening 31/12/2012	Acquisitions	Disposals	Net charges/impairment	Allocations of assets in progress and reclassification	Change in consolidation	Translation differences	Closing 31/12/2013
Land	12,089	4	(337)		3		(281)	11,477
Buildings	93,700	278	(1,308)		(162)		(663)	91,846
Plant, machinery and equipment	105,516	1,420	(5,318)		1,070		(1,100)	101,589
Other PP&E	28,953	2,158	(6,751)		(851)		(224)	23,285
PP&E in progress	2,888	372	(533)		(1,721)		(14)	992
Gross	**243,148**	**4,233**	**(14,249)**		**(1,660)**		**(2,282)**	**229,189**
Landscaping	(1,319)			(98)			2	(1,415)
Buildings	(59,767)			(1,911)	181		348	(61,149)
Plant, machinery and equipment	(88,044)			(227)	(87)		767	(87,590)
Other PP&E	(14,245)			(13,039)	65		158	(27,061)
PP&E in progress	(298)			(28)			5	(321)

Depreciation and provisions	**(163,673)**			**(15,303)**	**159**		**1,280**	**(177,537)**
Net	**79,475**	**4,233**	**(14,249)**	**(15,303)**	**(1,501)**		**(1,003)**	**51,652**

(€000)	Opening 31/12/2011	Acquisitions	Disposals	Net charges/impairment	Allocations of assets in progress and reclassification	Change in consolidation	Translation differences	Closing 31/12/2012
Land	12,123	133	(254)				87	12,089
Buildings	87,771	700	(31)		1,914		3,346	93,700
Plant, machinery and equipment	103,464	960	(463)		389		1,166	105,516
Other PP&E	28,314	1,352	(1,154)				441	28,953
PP&E in progress	4,406	879	(126)		(2,303)		33	2,888
Gross	**236,079**	**4,024**	**(2,028)**				**5,073**	**243,148**
Landscaping	(1,212)			(100)			(7)	(1,319)
Buildings	(55,542)		10	(3,013)			(1,222)	(59,767)
Plant, machinery and equipment	(81,095)		459	(5,404)			(2,004)	(88,044)
Other PP&E	(13,323)		995	(1,510)			(407)	(14,245)
PP&E in progress	(270)			(28)				(298)
Depreciation and provisions	**(151,442)**		**1,464**	**(10,055)**			**(3,640)**	**(163,673)**
Net	**84,637**	**4,024**	**(564)**	**(10,055)**			**1,433**	**79,475**

Capital expenditure

There was no major capital expenditure in 2014.

Most of the Group's capital expenditure was assigned to upgrading and replacing production equipment.

Note 5.4 Financial assets

(€000)	31/12/2013	Acquisitions/increases	Disposals/decreases	Net charges	Reclassification	Change in consolidation	Translation differences	31/12/2014
Equity shares	12,458					6,312	(6)	18,764
Other long-term securities	901					(884)		17
Escrow deposit	4,031	31	(4,062)					
Other investments	33,608	224	(280)			(130)	94	33,515
Other receivables	5,362	1	(82)			5,880		11,161
Gross	**56,360**	**256**	**(4,424)**			**11,178**	**88**	**63,458**
Equity shares	(12,344)			(93)		(6,308)	5	(18,740)
Other long-term securities	(883)					883		
Other investments	(32,005)					131	(63)	(31,937)
Other receivables	(5,362)			(4,240)		(1,555)		(11,157)
Impairment	**(50,594)**			**(4,333)**		**(6,849)**	**(58)**	**(61,834)**
Net	**5,766**	**256**	**(4,424)**	**(4,333)**		**4,329**	**30**	**1,624**

(€000)	31/12/2012	Acquisitions/increases	Disposals/decreases	Net	Reclassification	Change in	Translation	31/12/2013

				charges		consolidation differences		
Equity shares	12,480		(26)			8	(4)	12,458
Other long-term securities	2,494		(1,534)				(59)	901
Escrow deposit	3,675	4,031	(3,675)					4,031
Other investments	35,946	141	(1,138)			(1,306)	(36)	33,608
Other receivables						5,362		5,362
Gross	**54,495**	**4,172**	**(6,373)**			**4,064**	**(99)**	**56,360**
Equity shares	(12,127)		26	(239)		(8)	4	(12,344)
Other long-term securities	(1,441)		461			38	59	(883)
Other investments	(32,026)						21	(32,005)
Other receivables						(5,362)		(5,362)
Impairment	**(45,594)**		**487**	**(239)**		**(5,332)**	**84**	**(50,594)**
Net	**8,901**	**4,172**	**(5,886)**	**(239)**		**(1,268)**	**(15)**	**5,766**

(€000)	31/12/2011	Acquisitions /increases	Disposals /decreases	Net charges	Fair value adjustments	Reclassification	Change in consolidation	Translation differences	31/12/2012
Equity shares	12,446						26	8	12,480
Other long-term securities	2,103				390				2,494
Escrow deposit	40,406	201	(36,932)						3,675
Other investments	36,419	430	(880)					(23)	35,946
Gross	**91,375**	**631**	**(37,812)**		**390**		**26**	**(15)**	**54,595**
Equity shares	(11,249)			(843)			(26)	(9)	(12,127)
Other long-term securities	(646)			(812)				17	(1,441)
Other investments	(4,955)			(5,081)		(22,000)		10	(32,026)
Impairment	**(16,850)**			**(6,736)**		**(22,000)**	**(26)**	**18**	**(45,594)**
Net	**74,525**	**631**	**(37,812)**	**(6,736)**	**390**	**(22,000)**		**3**	**9,002**

Equity investments

Non-consolidated companies are either non-trading companies or companies in the process of being shut down.

The shares in deconsolidated companies are reincorporated into the balance sheet at the value of their equity on the date of deconsolidation. A provision for risk is recorded in the event that these companies have negative equity.

The other non-consolidated equity investments are stated at their net book value.

Other financial assets

The net value of *Other financial assets* amounted to €1,579,000 as at 31 December 2014.

The main changes in consolidation scope relate to the deconsolidation of Ukraine (no impact in terms of net value).

Breakdown of investments in associates

(€000)	31/12/2013	Profit/(loss)	Others	31/12/2014
Investments in associates	**3,089**		**(3,089)**	
CI Nolet & Co	2,497		(2,497)	
Distilleries françaises	592		(592)	

(€000)	31/12/2012	Profit/(loss)	Others	31/12/2013
Investments in associates	**2,883**	**307**	**(101)**	**3,089**
CI Nolet &Co	2,374	224	(101)	2,497
Distilleries françaises	509	83		592

(€000)	31/12/2011	Profit/(loss)	Dividend paid	31/12/2012
Investments in associates	**2,723**	**211**	**(51)**	**2,883**
CI Nolet &Co	2,203	223	(51)	2,374
Distilleries françaises	521	(12)		509

CI Nolet & Co was sold for a transaction value of €3.5 million, which generated a disposal gain of €1 million. Distilleries Françaises was merged with Marie Brizard as at 31 December 2014.

Note 5.5 Inventory

(€000)	31 December 2014	31 December 2013	31 December 2012
Raw materials	26,500	28,180	31,430
Work in progress	5,062	6,603	8,367
Semi-finished and finished goods	17,946	16,657	19,878
Traded goods	29,265	56,584	36,838
Gross	**78,773**	**108,024**	**96,513**
Raw materials	(2,535)	(2,918)	(2,831)
Work in progress	(33)	(1,433)	(1,422)
Semi-finished and finished goods	(583)	(419)	(741)
Traded goods	(5,527)	(3,058)	(1,920)
Impairment	**(8,678)**	**(7,828)**	**(6,913)**
Net	**70,095**	**100,196**	**89,599**

The decrease in inventory during the 2014 financial year mainly concerned Poland and resulted from working capital optimisation initiatives launched at all Group entities and stepped up during the second quarter of 2014.

The fall in the gross value of the traded goods inventory was primarily due to the impact of excise duties. Production was boosted towards the end of 2013 in order to anticipate the early 2014 increase in this levy.

Note 5.5 Trade and other receivables

(€000)	31 December 2014	31 December 2013	31 December 2012
Trade and other receivables	109,641	153,956	153,449
Impairment	(10,659)	(19,601)	(18,221)
Net trade receivables	**98,982**	**134,355**	**135,228**

Some Group companies, primarily in France and Poland, have signed direct "reverse factoring agreements" with their main customers, in order to optimise their trade receivables item and boost the performance of their key operating working capital indicators.

The decrease in the trade receivables and related accounts item is also due to the monitoring process introduced by the Group with a view to controlling its working capital.
Accordingly, trade receivables decreased by €44.3 million over the financial year. The main initiatives implemented were:

- ✓ Global negotiations on customer payment terms;
- ✓ The signing of reverse factoring agreements;
- ✓ The streamlining of the invoicing process through digitisation;
- ✓ The introduction of a credit management tool.

Some factoring agreements in place in France and Poland meet the deconsolidation conditions specified by IAS 39; the assigned trade receivables are not shown under balance sheet assets. The amount received in consideration for the receivables not yet due and assigned as at 31 December 2014 was €35.1 million.

Note 5.6 Other current assets

(€000)	31 December 2014	31 December 2013	31 December 2012
Advances and payments on account	2,706	2,977	5,071
Tax and employee receivables	10,414	15,937	14,357
Derivatives	224	1	1
Short-term deposits	818	647	347
Other receivables	15,790	14,595	14,762
Gross	**29,952**	**34,157**	**34,538**
Other receivables	(8,579)	(8,288)	(7,401)
Impairment	**(8,579)**	**(8,288)**	**(7,401)**
Net	**21,373**	**25,869**	**27,138**

Note 5.7 Cash and cash equivalents

(€000)	31 December 2014	31 December 2013	31 December 2012
Marketable securities	2,860	10,615	1,705
Cash	74,324	25,856	26,470
Cash and cash equivalents	**77,184**	**36,471**	**28,175**

An analysis of the change in cash and cash equivalents is provided in the *Cash flow statement*.

Note 6. Notes on consolidated liabilities and equity capital

Note 6.1 Composition of the share capital and dilutive instruments

	31 December 2014	31 December 2013	31 December 2012
Share capital (€)	52,972,964	52,972,426	6,811,358
Number of shares	26,486,482	26,486,213	3,405,679
Nominal value (€)	2	2	2
Treasury shares			
Number of shares	7,123	3,437	281,285

The 7,123 treasury shares held at the end of 2014 comprised 3,437 registered shares and 3,686 bearer shares.

The Group's treasury shares do not carry any voting rights or entitlement to receive dividends.

Potential dilution

	31 December 2014	31 December 2013	31 December 2012
Number of shares comprising share capital	**26,486,482**	**26,486,213**	**3,405,679**
Potential dilution of BSA 2004 / 'BSAR1'	643,788	643,788	585,262
Potential dilution of BSAR 2006 / 'BSAR2'	99,521	99,521	130,135
Potential dilution of BSA Actionnaires 1	1,316,852	1,317,116	
Potential dilution of BSA Actionnaires 2	1,317,650	1,317,655	
Potential BSA OS	2,572,093	2,572,093	
Potential number of shares	**32,436,386**	**32,436,386**	**4,121,076**
Share capital in euros (nominal value of €2)	**52,972,964**	**52,972,426**	**6,811,358**

Changes to the warrant terms and conditions

The Board of Directors meeting on 16 May 2013 increased the parity ratios for exercising the 2004 and 2006 warrants (BSA 2004 and BSA 2006) from 1 to 1.10 and from 1 to 1.07 respectively, in accordance with statutory provisions and with the terms of the issuance agreements relating to these warrants, in order to take account of the impact of the issuance and free allocation of shareholder warrants (“*BSA Actionnaires”).*

Since the Combined Extraordinary and Ordinary General Meeting on 30 September 2013, and following the authorisation granted by the holders of the 2004 warrants on 27 September 2013 regarding the amendment of some of the terms and conditions for the 2004 warrants issued in the context of the prospectus bearing AMF visa no. 04-884 dated 10 November 2004, the 2004 warrant exercise price has been set at €26.20 and will not change again until the end of the exercise period, which was also amended to 24 April 2018, (i.e. a subscription price per share of €23.82, while the parity ratio of the 2004 warrants has remained as follows since 16 May 2013: 1 warrant entitles the holder to subscribe to 1.1 Belvédère shares).

Since the Combined Extraordinary and Ordinary General Meeting on 30 September 2013, and following the authorisation granted by the holders of the 2006 warrants on 27 September 2013 regarding the amendment of some of the terms and conditions for the 2006 warrants issued in the context of the prospectus bearing AMF visa no. 06-068 dated 9 March 2006, the 2006 warrant exercise price has been set at €25.49 and will not change again until the end of the exercise period, which was also amended to 24 April 2018, (i.e. a subscription price per share of €23.82, while the parity ratio of the 2006 warrants has remained as follows since 16 May 2013: 1 warrant entitles the holder to subscribe to 1.07 Belvédère shares).

Issuance of shareholder warrants

As provided in the Belvédère S.A. rehabilitation plan, the Company issued 6,884,078 shareholder warrants (“*BSA Actionnaires*”) on 19 April 2013.

The terms and conditions of the subordinated bond (SB) warrants (“BSA OS”) are detailed in the transaction memorandum dated 16 April 2013.

SB warrants

In accordance with the terms of the Dijon Commercial Court's ruling dated 26 September 2013 and with a decision taken on 30 October 2013, the Company issued 93,161,762 SB warrants and recorded the final completion of this issue. These SB warrants were subscribed by the holders of the subordinated bonds issued by the Company via offset against the receivables held by said bondholders against the Company. Accordingly, the subordinated bonds issued by the Company have been automatically converted into SB warrants.

Note 6.2 Employee benefits

The Group’s commitments relate to retirement benefits, disability and death annuities (Poland), and long-service awards (or anniversary bonuses in Poland). These defined benefit schemes are recognised in accordance with IAS 19 revised.

The three main countries concerned by employee benefits are France, Poland and Spain.

The commitments amounted to €6,079,000 as at 31 December 2014.

Summary of the assumptions used to calculate the commitments

The basic assumptions for the actuarial calculations were determined with the help of actuaries in each country. The assumptions taken into account for 2012, 2013 and 2014 break down as follows for each geographical region:

	31 December 2014			31 December 2013			31 December 2012		
	France	Spain	Poland	France	Spain	Poland	France	Spain	Poland
Discount rate	1.75%	2.0%	2.75%	3.0%	3.0%	4.0%	2.9%	2.9%	4%
Rate of inflation	2.0%	1.75%	2.5%	2.0%	3.0%	2.5%	2.0%	3.0%	2.5%
Annual salary increases	2.5%	3.0%	2.5 - 3.5%	2.5%	3.0%	3.5%	2.5%	3.0%	3.5%

Staff turnover and mortality	TV/TD Table 2007-2009	PERM/F-2000-P	Social security office table and Polish statistics office table	TV/TD Table 2007-2009	PERM/F-2000-P	Social security office table and Polish statistics office table	TV/TD Table 2004-2006	PERM/F-2000-P	Social security office table and Polish statistics office table

Analysis of the charge for the year

(€000)	31 December 2014	31 December 2013	31 December 2012
Cost of services rendered	783	236	599
Discounting expense	176	192	224
Expected return on dedicated investments	(18)	(19)	(25)
Amortisation of actuarial gains and losses	(681)	(460)	349
Charge for the year	**260**	**(51)**	**1,146**

Change in dedicated investments

(€000)	31 December 2014	31 December 2013	31 December 2012
Opening liability	**5,694**	**6,116**	**5,132**
Cost of services rendered	783	236	599
Discounting expense	176	192	224
Services paid	(854)	(397)	(436)
Actuarial gains and losses	806	(93)	396
Actuarial differences according to IAS 19 revised		(294)	
Other adjustments	(6)	(20)	4
Translation differences	(67)	(46)	197
Closing liability	**6,531**	**5,694**	**6,116**

Change in dedicated investments

(€000)	31 December 2014	31 December 2013	31 December 2012
Opening balance	**589**	**622**	**560**
Employer contributions	43	101	138
Services paid	(195)	(143)	(162)
Expected return	17	17	25
Actuarial differences	31	(8)	61
Closing balance	**483**	**589**	**622**

Change in balance sheet provision

(€000)	31 December 2014	31 December 2013	31 December 2012
Opening balance	**5,132**	**5,510**	**4,575**
Total expense	716	310	1,146
Services and contributions paid	(457)	(361)	(412)
Actuarial gains and losses	754		
Actuarial differences according to IAS 19 revised		(294)	
Other adjustments	(6)	12	4
Translation differences	(67)	(46)	197
Closing balance	**6,071**	**5,132**	**5,510**

Note 6.3 Provisions

(€000)	31 December 2013	Charges	Reversal (prov. used)	Reversal (prov. not used)	Reclassification	Translation differences	31 December 2014
Provisions for pensions and employee benefits (see Note 6.2)	**5,132**	**540**	**(286)**		**751**	**(67)**	**6,071**
Employee provisions	2,813	1,717	(1,403)	(1,008)			2,119
Tax provisions	3,627						3,627
Other non-current provisions	632	1,286			(192)		1,726
Other non-current provisions	**7,072**	**3,003**	**(1,403)**	**(1,008)**	**(192)**		**7,473**
Employee provisions – due in < 1 year	3,380	2,014	(697)	(1,082)	261	(47)	3,829
Other provisions – due in < 1 year	143						143
Current provisions	**3,523**	**2,014**	**(697)**	**(1,082)**	**261**	**(47)**	**3,972**

(€000)	31 December 2012	Charges	Reversal (prov. used)	Reversal (prov. not used)	Reclassification	Translation differences	31 December 2013
Provisions for pensions and employee benefits (see Note 22)	**5,510**	**616**	**(666)**		**(283)**	**(46)**	**5,132**
Employee provisions	160	2,710		(57)			2,813
Tax provisions	8,765			(2,591)	(2,525)	(22)	3,627
Other non-current provisions	729	122		(299)	91	(11)	632
Other non-current provisions	**9,654**	**2,832**		**(2,947)**	**(2,434)**	**(33)**	**7,072**
Employee provisions – due in < 1 year	2,797	1,807	(1,170)			(54)	3,380
Other provisions – due in < 1 year	9,285		(9,132)		(2)	(8)	143
Current provisions	**12,082**	**1,807**	**(10,302)**		**(2)**	**(62)**	**3,523**

(€000)	31 December 2011	Charges	Reversal (prov. used)	Reversal (prov. not used)	Reclassification	Translation differences	31 December 2012
Provisions for pensions and employee benefits (see Note 22)	**4,575**	**1,039**	**(301)**			**197**	**5,510**
Employee provisions	133	69	(30)	(12)			160
Tax provisions	2,887	6,364			(434)	(53)	8,765
Other non-current provisions	24,897	70	(80)	(2,163)	(22,000)	5	729
Other non-current provisions	**27,917**	**6,503**	**(110)**	**(2,175)**	**(22,434)**	**(48)**	**9,654**
Employee provisions – due in < 1 year	3,257	516	(734)	(210)		(32)	2,797
Other provisions – due in < 1 year	142	9,143					9,285
Current provisions	**3,399**	**9,659**	**(734)**	**(210)**		**(32)**	**12,082**

Tax provisions

Tax provisions have primarily been recognised at the Belvédère and Marie Brizard entities. The dispute with the tax authorities relates to the audits on corporation tax, VAT and other levies for the period between 1 January 2006 and 31 December 2007. These tax audits are set out in Note 7.2 – Disputes and contingent liabilities.

Employee-related provisions

The combined current and non-current portions of employee-related provisions amounted to €5.9 million as at 31 December 2014. These amounts correspond to provisions recorded in relation to employment tribunal disputes and job safeguard schemes.

Note 6.4 Borrowings

(€000)	31 December 2014	< 1 year	1 to 5 years
Bonds			
Bank loans	3,294	1,093	2,202
Accrued interest on loans	19	19	
Long-term borrowings	**3,313**	**1,112**	**2,202**
Short-term borrowings	**32,321**	**32,321**	

(€000)	31 December 2013	< 1 year	1 to 5 years
Bonds			
Bank loans	3,833	1,480	2,353
Accrued interest on loans	1		
Long-term borrowings	**3,834**	**1,480**	**2,353**
Short-term borrowings	**13,510**		

(€000)	31 December 2012	< 1 year	1 to 5 years
Bonds	414,156	414,156	
Bank loans	11,548	8,173	3,375
Accrued interest on loans	117,869	117,869	
Long-term borrowings	**543,573**	**540,198**	**3,375**
Short-term borrowings	**23,818**		

The portion of long-term borrowings maturing in over one year (€2,202,000) is included under *Long-term loans – portion maturing in over one year* under non-current liabilities on the balance sheet.

The portion of long-term borrowings maturing in less than one year (€1,112,000) is included under *Long-term loans – portion maturing in less than year* under current liabilities on the balance sheet.

Change in borrowings

(€000)	Bonds	Accrued interest on OBSAR convertible bonds	**Bonds**	Bank loans	Employee profit-sharing	Accrued interest on loans	**Long-term borrowings**
31 December 2011	453,914	6,637	**460,551**	12,524	151	98,741	**571,967**
New loans				1,257			**1,257**
Repayments	(36,678)		**(36,678)**	(2,332)	(151)		**(39,161)**
Net change						19,128	**19,128**
Exercises of BSAR 2 warrants (conversion into equity)	(9,717)		**(9,717)**				**(9,717)**
Translation differences				99			**99**
31 December 2012	407,519	6,637	**414,156**	11,548		117,869	**543,573**
New loans				810			**810**
Repayments	(2,591)		**(2,591)**	(6,853)			**(9,444)**
Net change				(33)		4,774	**4,741**
Exercises of BSAR 2 warrants (conversion into equity)	(2,041)		**(2,041)**				**(2,041)**
Conversion of FRN bonds	(336,041)		**(336,041)**			(102,965)	**(439,006)**
Conversion of OBSAR bonds	(66,846)	(6,637)	**(73,483)**			(19,678)	**(93,161)**
Reclassification as BSA fixed liability				(1,587)			**(1,587)**
Translation differences				(52)			**(52)**
31 December 2013				3,833		1	**3,834**
New loans				1,358		19	**1,377**
Repayments				(1,596)			**(1,596)**
Reclassifications				(265)			**(265)**
Translation differences				(36)			**(36)**
31 December 2014				3,294		19	**3,313**

Note 6.5 Financial instruments and financial risk factors

Fair value of financial instruments according to IAS 39 classification

(€000)	Financial assets and liabilities at fair value through profit or loss	Derivatives	Assets held for sale	Loans, receivables and borrowings at cost less depreciation	31 December 2014
Assets:					
Non-current financial assets	17		24	1,582	**1,624**
Trade receivables				98,982	**98,982**
Other current assets				21,149	**21,149**
Asset derivatives		224			**224**
Cash & cash equivalents	77,184				**77,184**
Liabilities:					
Long-term borrowings – due in more than one year				2,202	**2,202**
Long-term borrowings – due in less than one year				1,112	**1,112**
Short-term borrowings				32,321	**32,321**
Trade and other payables				56,985	**56,985**

(€000)	Financial assets and liabilities at fair value through profit or loss	Derivatives	Assets held for sale	Loans, receivables and borrowings at cost less depreciation	31 December 2013
Assets:					
Non-current financial assets	18		114	5,634	**5,766**
Trade receivables				134,355	**134,355**
Other current assets				25,868	**25,868**
Asset derivatives		1			**1**
Cash & cash equivalents	36,470				**36,470**
Liabilities:					
Long-term borrowings – due in more than one year				2,353	**2,353**
Deferred payables - due in more than one year				71,531	**71,531**
Long-term borrowings – due in less than one year				1,480	**1,480**
Short-term borrowings				13,510	**13,510**
Trade and other payables				64,308	**64,308**

(€000)	Financial assets and liabilities at fair value through profit or loss	Derivatives	Assets held for sale	Loans, receivables and borrowings at cost less depreciation	31 December 2012
Assets:					
Non-current financial assets	1,053		354	7,595	**9,002**
Trade receivables				135,228	**135,228**
Other current assets				27,137	**27,137**
Asset derivatives		1			**1**

Cash & cash equivalents	28,175		**28,175**
Liabilities:			
Long-term borrowings – due in more than one year		3,375	**3,375**
Long-term borrowings – due in less than one year		540,198	**540,198**
Short-term borrowings		23,818	**23,818**
Trade and other payables		110,551	**110,551**

Liquidity risk relating to Group debt

Since the implementation of the rehabilitation plan approved by the Dijon Commercial Court in its judgement of 19 March 2013, Group debt has decreased significantly, which enables the risk relating to gearing to be materially reduced.

The Belvédère Group has announced that it paid the plan's administrator, Mr Fréderic Abitbol, the amounts of the 2nd dividends payable on 19 March 2015 for the seven Group companies involved (Belvédère SA, Marie Brizard et Roger International SA, Sobieski SP Zoo, Destylernia Sobieski SA, Sobieski Trade SP Zoo, Domain Menada SP Zoo and Fabryka Wodek Polmos Lancut SA).

Moncigale's frozen debt is also the subject of a gradual repayment schedule.

The 2nd dividend paid by Moncigale was paid to Mr Torelli, the plan administrator, in April 2015.

During the first half of 2014 the Group drew up cash flow forecasts which are updated every month based on the operating plans. These forecasts are designed to provide visibility across the entire consolidation scope in order to anticipate and secure the Group's ability to meet each instalment of the rehabilitation plan.

Furthermore, the Belvédère Group has carried out a specific review of its liquidity risk and considers that it is in a position to honour its future instalments.

Risk relating to shares and other financial investments

The Group has no financial investments likely to be exposed to the risk of price fluctuations.

Interest rate risk

- **Sensitivity to interest rates**

(€000)	31 December 2014	Fixed rate	Floating rate
Bank loans	3,294	956	2,338
Accrued interest on loans	19	19	
Long-term borrowings	**3,313**	**975**	**2,338**
Short-term lines of credit	**32,323**	**32,323**	

(€000)	31 December 2013	Fixed rate	Floating rate
Bank loans	3,833	1,442	2,391
Accrued interest on loans	1		1
Long-term borrowings	**3,834**		
Short-term lines of credit	**13,510**	**727**	**12,783**

(€000)	31 December 2012	Fixed rate	Floating rate
Bonds	414,156	75,834	338,322
OBSAR accrued interest subject to late payment interest	13,309	13,309	
Bank loans	11,548	959	10,589
Principal	**439,013**	**90,102**	**348,911**
Accrued interest excluding OBSAR interest outstanding	104,560		
Long-term borrowings	**543,573**		
Short-term lines of credit	**23,818**	**78**	**23,740**

Credit risk

Generally speaking the Group's customers are diversified and there is no material risk relating to dependence on customers.

- Maturity of trade receivables

(€000)	31 December 2014	Not due	< 90 days overdue	90-180 days overdue	> 180 days overdue
Trade and other receivables	109,641	74,744	22,319	1,069	11,509
Impairment	(10,659)		(13)	(259)	(10,386)
Net trade receivables	**98,982**	**74,744**	**22,305**	**810**	**1,123**

(€000)	31 December 2013	Not due	< 90 days overdue	90-180 days overdue	> 180 days overdue
Trade and other receivables	153,956	100,608	33,594	751	19,002
Impairment	(19,601)		(165)	(433)	(19,002)
Net trade receivables	**134,355**	**100,608**	**33,429**	**318**	**0**

(€000)	31 December 2012	Not due	< 90 days overdue	90-180 days overdue	> 180 days overdue
Trade and other receivables	153,449	118,381	13,238	2,721	19,110
Impairment	(18,221)		(186)	(740)	(17,295)
Net trade receivables	**135,228**	**118,381**	**13,052**	**1,980**	**1,814**

Note 6.6 Other liabilities

Other non-current liabilities

(€000)	31 December 2014	31 December 2013	31 December 2012
Non-current Safeguard Plan liabilities (present value)			
LT portion of frozen liabilities (rehabilitation plan)	61,749	71,531	
Investment subsidies	2,465	2,788	3,145
Others	13	26	25
Other non-current liabilities	**64,227**	**74,346**	**3,170**

The rehabilitation plans for the nine companies in the Group were approved by the relevant Commercial Courts in March and April 2013. These plans specifically provide for the deferred repayment of the liabilities declared by the creditors (excluding the FRN and OBSAR convertible bond creditors) over periods of between 6 and 10 years depending on the companies, for creditors that have not opted for immediate partial repayment.

As the changes made to the terms and conditions of the debt were material, in accounting terms they implied the settlement of the existing debt and the issuance of new debt. This new debt was recorded on the balance sheet at its fair value on the date when the plans were approved, and is recognised at amortised cost according to the effective interest rate method. The fair value of the new debt was determined by calculating the total amount of the future discounted repayments on the date when the former debt was settled.

The dividend instalments payable within one year were classified under current liabilities in accordance with the origin of the liabilities, while the fair value of the estimated future instalments was classified under non-current liabilities.

Other current liabilities

(€000)	31 December 2014	31 December 2013	31 December 2012
Advances and down payments	1,380	1,611	1,733
Tax and social security payables (incl. excise duty)	55,114	73,464	79,335
Investment subsidies	54	54	54
Derivatives			
Deferred income	1,191	1,321	3,214
Other payables	20,074	23,712	10,842
Other current liabilities	**77,813**	**100,162**	**95,178**

Note 7. Additional information

Note 7.1 Assets pledged as security and off-balance sheet commitments

Summary of assets pledged as security

Country	Nature of obligation	Nature of assets	Asset book value per consolidated balance sheet (€000)
			31 December 2014
France	Long-term bank loan (€1,360,000 principal)	Zawisza trademark	n/a
	Deposit from MBRI to BVD creditor Bonny Mellon		12,632
Poland	Loan granted to Sobieski SP. ZOO	Operating receivables, current account deposit	12,637
	Long-term loans ING bank Slaski	Property, operating receivables and trademarks	7,076
	Security granted to Customs for excise duty (€153m)		
	Line of credit	Bill of exchange	1,111
Lithuania	Line of credit	Property, warehouse, inventories, operating receivables, current account deposit, right to use the Sobieski trademark in Vilnius	25,336
Denmark	Line of credit	Inventories	343

Off-balance sheet commitments

- Deposits for alcohol duties

In some countries (France, Poland, Lithuania and Denmark) where Group subsidiaries operate, deposits must be paid to customs as security for the payment of excise duties on alcohol. These deposits are generally provided by insurance companies and banks on behalf of the companies concerned.

The maximum amount of the guarantees given to customs in order to cover the payment of excise duties in Poland is currently €153 million.

- Long-term purchase commitments

Cognac Gautier has entered into five-year commitments to purchase raw materials for cognac.

William Pitters has entered into five-year commitments to purchases raw materials for Scotch whisky.

Moncigale has entered into three-year commitments to purchase wine.

Commitments to purchase vodka have been entered into in Poland.

(€000)	31 December 2014	< 1 year	1 to 3 years	> 3 years
Commitments relating to issuer's operating activities				
Commitment to purchase raw materials	245,080	111,030	67,601	66,449

(€000)	31 December 2014
Commitments relating to issuer's operating activities	
Lease agreements	8,310

Commitment in Belarus

Belvédère SA owns 98.02% of the shares in FLLC Galiart ("Galiart"), a company incorporated under Belarus law.

On 7 February 2008, Galiart entered into an agreement with the Executive Committee of the City of Bobruisk regarding the process for implementing an investment plan to produce alcoholic beverages in the city of Bobruisk in the Moguilev region, on the basis of which the parties undertook to implement an investment plan providing for the opening of an alcoholic beverages production plant in Bobruisk.

Under the terms of the agreement, Galiart is required to guarantee the financing of the project, the costs of which are estimated to be at least €12.9 million. Galiart has not made any investments at this stage.

This company was sold in February 2015.

Commitment to Krzysztof Trylinski

Krzysztof Trylinski benefits from a guarantee, which provides that the Company will compensate him for any personal loss resulting from the consequences of the signing of a memorandum of agreement between Belvédère SA and Angostura Holdings Limited on 4 February 2013. This guarantee was granted for a period of 10 years as from 11 February 2013.

Note 7.2 Disputes and contingent liabilities

Tax audits in France

Belvédère S.A. together with the other tax group companies were the subject of an accounting audit for tax purposes that began on 19 January 2009. In the case of most of the subsidiaries concerned, the audit covered corporation tax, VAT and other levies for the period between 1 January 2006 and 31 December 2007.

The total amount of these adjustments is around €25.4 million (including surcharges and late payment interest), including €17.9 million of corporation tax, €6.7 million of withholding tax, €0.6 million of corporation tax social security contributions and €0.2 million of VAT.

The main reason for the adjustment is the rejection of the deduction of interest relating to a €375 million loan issued in the form of transferable floating-rate notes, or "FRNs". This agreement, which was entered into on 24 May 2006, is governed by the law of New York State.

Amongst the proposed adjustments, the increases related to FRN interest amount to €15.8 million for 2006 and to €28.1 million for 2007. These adjustments resulted in additional corporation tax (excluding late payment interest) of €15.1 million for 2006 and 2007, as well as additional withholding tax of €5.3 million for 2006.

A recovery notice for this tax was issued in April 2012.

These adjustments were disputed via claims, including a request for deferred payment, and then via applications instituting proceedings in the Montreuil Administrative Court.

The Montreuil Administrative Court rejected the application submitted by Belvédère in two decisions issued on 29 December 2014.

Belvédère S.A. appealed both judgements via two appeals lodged at the Versailles Administrative Appeal Court on 25 February 2015.

If it is confirmed, the tax receivable will need to be settled as part of the rehabilitation plan approved by the Dijon Commercial Court. As matters stand, Belvédère believes that no plan dividend can be paid to the tax authorities while these receivables remain contested and have not been subject to a final ruling.

In view of the foregoing and Belvédère's confidence in the favourable outcome of this dispute, no provision has been recorded in connection with this dispute. A provision of €3.5 million is still recorded on the balance sheet for the other adjustment items.

In the event that its appeal is rejected by the Versailles Administrative Appeal Court, the Group will be required to pay the amounts due in connection with the aforementioned adjustments relating to 2006 and 2007. In addition, the Group may be required to repay the amounts received in connection with the 2008 carry-back, i.e. €10.4 million. Lastly, in the event that the deduction of the FRN interest for the subsequent financial years is ruled out, the corresponding adjustments would reduce the French tax group's tax-loss carry-forward.

It is appropriate to recall that the request for repayment of a carry-back receivable was made to the tax authorities in late 2014, and resulted in the repayment of that receivable in an amount of €31.0 million on 26 February 2015.

Commercial dispute

On 17 August 2010, Moncigale, an indirect subsidiary of Belvédère, entered into a licensing agreement with Chamarré regarding the exclusive use, production and distribution of the "Chamarré" still wine trademark for a period of 10 years. Under the terms of this agreement, Moncigale undertook to pay Chamarré an annual royalty indexed to the volumes sold and revenues generated by the products sold under the Chamarré trademark, as well as a guaranteed minimum annual royalty.

On 16 June 2011, the Nîmes Commercial Court instituted safeguard proceedings in favour of Moncigale. These proceedings were turned into rehabilitation proceedings by the same Commercial Court on 21 September 2011. The Court appointed a court administrator to assist the company.

On 9 November 2011, the administrator informed Chamarré of the termination of this agreement pursuant to the provisions of Article L 622-13 of the French Commercial Code.

On 30 August 2011, in connection with the rehabilitation proceedings initiated in favour of Moncigale and the assessment of liabilities carried out on the opening date of the proceedings, Chamarré filed a notice of claim with the creditors' representative for the amount of €10.7 million, which corresponds to the total amount of the guaranteed royalties over the ten-year term of the agreement and an estimate of the other liabilities arising from that agreement.

On 6 December 2011, Chamarré filed an additional "claim for damages" for an amount of €20 million, following notice of the termination of the agreement.

These claims were disputed by the Company, and were stayed by the Nîmes Commercial Court pending the decision of the Paris Commercial Court. In fact, proceedings against the bodies in charge of the Moncigale insolvency proceedings were initiated by the Official Receiver for Chamarré in the Paris Commercial Court via a summons dated 8 February 2013.

Chamarré was placed under court-ordered reorganisation proceedings on 31 May 2012, and its entry into liquidation proceedings was announced on 5 June 2012.

On 29 May, 2013, in parallel with these initial proceedings, Mr Torelli, the Mongicale plan administrator, applied to the Nîmes Commercial Court and the State Prosecutor with a view to terminating Moncigale's court-ordered rehabilitation plan and initiating insolvency proceedings against Moncigale on the grounds of failure to execute the plan.

The application stated that the plan, as drawn up by the judgement of 16 April 2013, had not been complied with, as the company had not paid a monthly amount based on the accepted and contested liability, as provided for in the ruling.

The Nîmes Commercial Court ruled on this application on 21 August 2013 and stayed it pending the outcome of the proceedings in the Chamarré case.

In a judgement dated 6 February 2014, the Paris Commercial Court ruled that it did not have the appropriate jurisdiction; as this ruling has now become final, the case will now be heard in the Nîmes Commercial Court. The hearing initially scheduled for 9 April 2014 was deferred to 2 July 2014, then to 17 September 2014, and finally to 24 June 2015.

Dispute with Alain-Dominique Perrin and Vermots Finance

Summons dated 22 February 2013 were served on the following companies by a bailiff on behalf of Alain-Dominique Perrin and Vermots Finance, ordering those companies to appear before the Dijon Commercial Court in summary proceedings:
(i) The Company, SCP Valliot-Le Guernevé-Abitbol, Equitis Gestion and SVI, for the specific purpose of (a) establishing the manifestly illegal nuisance caused by the exercise of the voting rights attached to 267,848 shares by Equitis Gestion at the Extraordinary General Meeting held on 12 February 2013, pursuant to a trust agreement dated 4 February 2013, (b)

otherwise, of establishing the imminent harm that would result from the exercise of said voting rights by Equitis Gestion, and (c) of suspending the exercise of the voting rights attached to the 267,848 shares for as long as these were held by Equitis Gestion, as a preventive measure;
(ii) The Company and SCP Valliot-Le Guernevé-Abitbol, specifically for the purpose of having an administrator appointed by the Court to verify the legality of the counting of postal votes and proxies and to perform the duties assigned by law, the regulations and the Articles of Association to the officers presiding over the Company's Extraordinary General Meeting convened for the second time on 28 February 2013.
In orders handed down on 26 February 2013, the Presiding Judge of the Dijon Commercial Court dismissed their applications and ordered them, under the terms of each of the orders, to pay the amount of €5,000 to the Company and SCP Valliot-Le Guernevé-Abitbol as damages for frivolous prosecution.
In statements dated 22 March 2013, Alain-Dominique Perrin and Vermots Finance appealed the orders issued on 26 February 2013 by the Presiding Judge of the Dijon Commercial Court.
Following the full hearing in the Dijon Appeal Court on 10 April 2014, the case was reserved pending a decision on 12 June 2014.
On 16 April 2015, the Senior Presiding Judge in the Court of Cassation noted the lapse of the appeals lodged by Vermots Finance against the two rulings issued by the Dijon Court of Appeal on 12 June 2014, due to its failure to submit pleadings within the legal timeframe.

Dispute with the Autorité des Marchés Financiers (French Financial Markets Authority - AMF)

The AMF Sanctions Commission initiated proceedings against the Company on the grounds of breach of its obligation to inform the public and failure to report transactions in its own securities, as well as the crossing of thresholds, and also against Sobieski SARL and SVI on the grounds of failure to report transactions in the Company's shares. These accusations were disputed by the Company, Sobieski SARL and SVI.
In a decision issued on 30 April 2014, the AMF Sanctions Commissions upheld the accusations made against Belvédère, Sobieski SARL and SVI, and ordered them to pay pecuniary fines of €150,000, €45,000 and €15,000 respectively, and ordered the publication of its decision, which was duly published on the AMF website, in accordance with practice.

The three companies appealed this decision, and the proceedings are currently in progress at the Paris Court of Appeal. The appeal is scheduled to be heard in the Paris Court of Appeal on 14 January 2016.

A provision was recorded in the 2014 financial statements for the full amount of the aforementioned fines.

Krupnik trademark dispute

Proceedings for unfair competition were initiated by Destylarnia Sobieski, the Group's Polish subsidiary, against Toorank Polska Sp.Z.oo on the grounds of the illegal use of the Krupnik trademark by the latter.
In fact, this subsidiary has produced, sold and distributed a honey-based liqueur under the Krupnik trademark for many years.
Having observed that Toorank Polska was using the Krupnik trademark, it sent that company a letter of notice summoning it to cease such illegal use, which remained without effect.
The subsidiary consequently decided to initiate legal proceedings on the grounds of unfair competition, relying on the recognition that the Krupnik trademark has earned on the Polish market.
In response, Toorank Polska argued that the Krupnik word mark registered in Destylarnia Sobieski's name since 1997 was invalid, claiming that the fact that this word is the sales name for a honey-based liqueur in the Polish language, and was devoid of any distinctive features, meant that it could not be the subject of an exclusive right benefiting Destylarnia Sobieski via registration as a trademark.
The Polish Trademark Office upheld Toorank Polska's arguments and so cancelled the registration of the Krupnik word mark in a decision dated 3 October 2012. This decision was the subject of an appeal that confirmed its terms, and then of an appeal to the Polish Supreme Administrative Court, which overturned the appeal; the invalidity of the trademark must therefore be considered as final.
Notwithstanding, this decision is unlikely to have any impact on the proceedings launched by the

subsidiary, which were based on the charge, not of counterfeiting, but of unfair competition; these proceedings are still in progress.
It is also worth noting that the Krupnik trademark combined with graphic designs has been the subject of separate filings both in Poland and abroad; the validity of these filings, which relates to the presence of said original visual components, is not likely to be contested.
Lastly, the cancellation of this word mark does not prevent the subsidiary from continuing to use its original Krupnik bottle, which carries a label that is particularly well known in Poland and other European markets.

Bulgaria dispute

At the end of November 2014, the Sofia Court in Bulgaria decided to place the Bulgarian Belvédère Distribution and Domain Menada subsidiaries under the authority of a provisional administrator instead of the local management team, on the basis of highly questionable grounds and with the support of a magistrate who is subject to disciplinary proceedings.

Following numerous legal proceedings and diplomatic and media interventions, Belvédère regained its rights in January 2015, and the local management team was able to return to managing the subsidiaries in question and regain free access to the premises.

As a reminder, the business activities in Bulgaria account for less than 1% of the Group's revenues and total consolidated balance sheet. Belvédère intends to take all steps to obtain compensation for the losses suffered in Bulgaria.

Ukraine dispute

Belvédère's Ukrainian subsidiary, Belveder Ukraine LLC, was placed in court-ordered liquidation in January 2014, on the basis of a decision taken by the Kiev Commercial Court following proceedings initiated at the request of one of the company's creditors in July 2011.

Belvédère holds around 85% of Belveder Ukraine LLC's overall debt.

Belveder Ukraine LLC's assets (including both shares in the subsidiaries owned by the company in liquidation and assets belonging to its subsidiaries, which are now controlled by the liquidator appointed by the Kiev Commercial Court) were transferred to a third party outside the Company's control in November 2014.

Following several proceedings initiated by the Company, the Kiev Court upheld the Company's claims in early April 2015, and (i) overturned the sale of its assets in Ukraine, which took place in November 2014, and (ii) ordered the liquidation proceedings to be reopened.

Note 7.3 Consolidation scope at 31 December 2014

BELVEDERE S.A.

POLAND	Method	Interest
Sobieski	FC	100%
Destylernia Sobieski	FC	90.06%
Destylernia Polmos Krakow	FC	97.83%
Polmos Lancut	FC	100%
Domain Menada Poland	FC	100%
Sobieski Trade	FC	100%
TMT	FC	100%
Galerie Alkoholi	FC	100%
Augustowianka	FC	100%
Euro Agro Warszawa	FC	100%
Sobieski International	FC	100%
Sommelier	FC	100%

BULGARIA	Method	Interest
Belvedere Capital Management	FC	100%
Vinimpex	FC	100%
Belvedere Distribution	FC	100%
Sakar	FC	99.39%
Domain Menada Bulgaria	FC	100%
Domain Menada Vineyards	FC	100%
Sakar Vineyards	FC	100%
Bulgaria EOOD	FC	100%

LITHUANIA	Method	Interest
Belvedere Prekyba	FC	60%
Belvedere Baltic	FC	80%
Vilnius Degtine	FC	68.29%

FRANCE	Method	Interest
Marie Brizard	FC	100%
Cognac Gautier	FC	100%
Marie Brizard Spain	FC	100%
William Pitters	FC	100%
Moncigale	FC	100%
SCI Roger	FC	100%

USA	Method	Interest
Sobieski USA	FC	100%
Imperial Brands	FC	100%

DENMARK	Method	Interest
Belvedere Scandinavia	FC	100%
Duty Free	FC	100%

BRAZIL	Method	Interest
Dubar	FC	100%

OTHER REGIONS	Method	Interest
Belvedere Slovensko (Slovakia)	FC	100%
Sobieski Trading Shanghai (China)	FC	100%
Sobieski Beverages India (India)	FC	100%
Galiart (Belarus)	FC	98.02%
Galiart Group (Belarus)	FC	98.02%
SVI (France)	FC	100%
Sobieski Sarl (France)	FC	100%
Belvedere Distribution SIA Latvia (Latvia)	FC	60%

In 2013:

BELVEDERE S.A.

POLAND	Method	Interest
Sobieski	FC	100%
Destylernia Sobieski	FC	90.06%
Destylernia Polmos Krakow	FC	97.83%
Polmos Lancut	FC	100%
Domain Menada Poland	FC	100%
Sobieski Trade	FC	100%
TMT	FC	100%
TMT Centrum	FC	100%
Rokicki	FC	100%
Wawrzyniak II	FC	100%
HZ	FC	100%
Hasis	FC	100%
Galerie Alkoholi	FC	100%
Tritex	FC	100%
Redo	FC	100%
Augustowianka	FC	100%
Multihurt	FC	100%
MAAK	FC	100%
Euro Agro Warszawa	FC	100%
Sobieski International	FC	100%
Sommelier	FC	100%

BULGARIA	Method	Interest
Belvedere Capital Management	FC	100%
Vinimpex	FC	100%
Belvedere Distribution	FC	100%
Sakar	FC	99.39%
Domain Menada Bulgaria	FC	100%
Domain Menada Vineyards	FC	100%
Sakar Vineyards	FC	100%

LITHUANIA	Method	Interest
Belvedere Prekyba	FC	60%
Belvedere Baltic	FC	80%
Vilnius Degtine	FC	68.29%

FRANCE	Method	Interest
Marie Brizard	FC	100%
Cognac Gautier	FC	100%
Marie Brizard Spain	FC	100%
William Pitters	FC	100%
Moncigale	FC	100%
Ci Nolet & Co	EM	25.05%
SCI Roger	FC	100%
Distilleries Françaises	EM	100%

USA	Method	Interest
Sobieski USA	FC	100%
Imperial Brands	FC	100%

DENMARK	Method	Interest
Belvedere Scandinavia	FC	100%
Duty Free	FC	100%

BRAZIL	Method	Interest
Dubar	FC	100%

UKRAINE	Method	Interest
Belvedere Ukraina	FC	100%
Italiano	FC	100%
Boisson Elite	FC	100%

OTHER REGIONS	Method	Interest
Belvedere Slovensko (Slovakia)	FC	100%
Sobieski Trading Shanghai (China)	FC	100%
Sobieski Beverages India (India)	FC	100%
Galiart (Belarus)	FC	98.02%
Galiart Group (Belarus)	FC	98.02%
SVI (France)	FC	100%
Sobieski Sarl (France)	FC	100%
Belvedere Distribution SIA Latvia (Latvia)	FC	60%

Note 7.4 Related parties

Remuneration of directors and senior management

(€000)	2014	2013	2012
Remuneration received	3,312	940	866(1)
Expenses related to post-employment benefits	n/a	n/a	63
Expenses related to compensation at end of employment	n/a	n/a	n/a

(1) Correction relating to the remuneration paid to Katarzyna Paczesniak by Sobieski SARL in respect of the 2012 financial year. Her remuneration was approved by the General Meeting of said company's shareholders on 28 May 2013.

Other related parties

Other related parties primarily consist of non-consolidated Group subsidiaries. No material transactions were performed with these parties.

Note 7.5 Statutory Auditors' fees

	Mazars						Renart					
	€000			%			€000			%		
	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
Statutory audit, certification, examination of Company and consolidated financial statements	1,065	1,088	1,047	66%	97%	99%	120	144	136	7%	100%	100%
Belvédère SA	494	613	546	31%	51%	47%	120	144	136	7%	100%	
Subsidiaries	571	475	501	36%	46%	52%				0%	0%	
Other procedures directly related to the statutory audit	516	28	33	32%	3%	1%	1	-	-	0%	0%	0%
Belvédère SA	516	25	12	32%	1%	0%	1		-	0%	0%	
Subsidiaries		3	21	0%	2%	1%				0%	0%	
Sub-total audit	**1,581**	**1,116**	**1,080**	**99%**	**100%**	**100%**	**121**	**144**	**136**	**8%**	**100%**	**100%**
Other services (legal, tax, HR, other)	21			1%	0%	0%				0%		
Sub-total other services	21						-					
Total	**1,602**	**1,116**	**1,080**	**100%**	**100%**	**100%**	**121**	**144**	**136**	**8%**	**100%**	**100%**

The other audits directly relating to the Statutory Auditors' assignment in 2014 mainly involved audits on the internal control system.

Note 7.6 Post-balance sheet events

The main post-balance sheet events are as follows:

Repayment of the carry-back receivable

Belvédère was informed by the large cap department of the French Public Finance Department that its request for the repayment of a receivable had been accepted on 19 February 2015. As a result, the repayment of €31 million was received on 26 February 2015.

Allotment of bonus shares and stock options to employees and managers

At its meeting on 12 March 2015, the Board of Directors of Belvédère SA (Euronext Paris: BVD) decided to allot 9,320 bonus shares and 480,000 stock options on Belvédère SA shares to certain Group employees and managers, under the conditions set out below.

This decision, which was taken with the authorisation of the General Meeting of Shareholders on 16 September 2014, will enable a better alignment of the interests of the beneficiaries (employees and managers) with those of the Belvédère Group's shareholders.

Allotment of bonus shares

The Board of Directors therefore decided to allot 20 bonus shares to every employee of Belvédère SA and its French subsidiaries, i.e. a total number of 9,320 bonus shares. These bonus shares will vest at the end of a two-year period following their allotment, on the sole condition that the employee still works at the Company at the end of that period, and with no specific performance conditions. The shares will be non-transferable for a period of five years beginning at the end of the aforementioned vesting period.

Allotment of options subject to performance conditions

The 480,000 stock options (the "Options") have been allotted to 26 managers employed by the Belvédère Group, including Jean-Noël Reynaud, the Chief Executive Officer, who has been allotted 110,000 Options.

The Options will give each beneficiary the right to subscribe to or purchase one share in Belvédère SA at an exercise price of €10.64 per share, calculated on the basis of the average opening price for Belvédère shares over the last 20 trading sessions prior to the date of the Board of Directors' meeting.

The Options allotted may only be exercised in stages, and subject to the fulfilment of performance conditions under the following conditions:

- ✓ A maximum of 20% of the Options allotted may be exercised in 2015, subject to the achievement of a determined level of consolidated underlying operating profit/(loss) for the financial year ended 31 December 2014, on the basis of the 2014 consolidated financial statements, on the understanding that a certain number of these Options could nonetheless be exercised if this target was partially achieved;
- ✓ A maximum of 20% of the Options allotted may be exercised in 2016, subject to the achievement of a determined consolidated EBITDA/revenues margin on the basis of the 2015 consolidated financial statements, on the understanding that a certain number of these Options could be exercised if this target was partially achieved;
- ✓ A maximum of 60% of the Options allotted may be exercised in 2018, subject to the achievement of a determined consolidated EBITDA/revenues margin on the basis of the 2017 consolidated financial statements, on the understanding that a certain number of these Options could be exercised if this target was partially achieved;

The Board of Directors will assess compliance with these performance conditions, on the understanding that the condition of employment within the Group at the time when the Options are exercised has also been provided for in the allotment plan.

In addition to the obligation to retain 50% of the shares for a period of two years from the exercise date for the corresponding Options determined by the Board of Directors, to which all the beneficiaries of the Options will be subject, Jean-Noël Reynaud will be required to retain at least 20% of the shares resulting from the exercise of the Options in registered form until the termination of his employment, in accordance with paragraph 4 of Article L. 225-185 of the French Commercial Code.

Disposal of subsidiaries and streamlining of the legal structure

The Belvédère Group disposed of its interest in Galiart, a Belarus company, in February 2015, while the disposal of Galerie Alkoholi, a Polish company, was approved by the Dijon Commercial Court on 21 April 2015.

Furthermore, in order to reduce the number of legal entities that make up the Group, a simplified merger transaction between Marie Brizard & Roger International and William Pitters International was performed on 8 April 2015.

2.2 Statutory Auditors' report on the 2014 consolidated financial statements

To the Shareholders,

Pursuant to the assignment entrusted to us by your General Meeting of Shareholders, we hereby present our report for the year ended 31 December 2014 on:

- the audit of Belvédère SA's consolidated financial statements, as appended to this report;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. It is our responsibility, on the basis of our audit, to express an opinion on these consolidated financial statements.

I - Opinion on the consolidated financial statements

We performed our audit according to the standards of the profession applicable in France; these standards require the implementation of procedures enabling reasonable assurance to be obtained that the consolidated financial statements are free of material misstatements. An audit consists in verifying, through sample tests or other selection methods, the documents underlying the amounts and information shown in the consolidated financial statements. It also consists of an assessment of the accounting principles followed, the significant estimates made and the presentation of the statements as a whole. We consider that the evidence we have gathered is sufficient and appropriate to form the basis for our opinion.

We hereby certify that, with regard to IFRS as adopted within the European Union, the consolidated financial statements for the financial year are in order and accurate and give a true and fair view of the assets and liabilities, financial position and earnings of the group made up of the persons and entities included in the consolidation scope.

Without calling the above opinion into question, we draw your attention to the following points set out in:

- Note 1.1 "Highlights" in the Notes to the Financial Statements regarding the "Work performed on strengthening the organisational structure and operation of the accounting and financial procedures forming part of the control system", which describes the work undertaken by the Company in this context. This information remedies the shortfalls that led us to express a qualification in our reports on the previous financial years;

- Sections 2 "Presentation changes" and 3 "New standards and amendments" in Note 1.2 "Accounting rules and policies", which respectively set out the changes made to the presentation of the consolidated income statement and the new standards of mandatory application;

- Note 4.4 "Non-recurring operating income and expenses", which includes details of expenses relating to the Group's financial restructuring;

- Note 7.2 "Disputes and contingent liabilities" in the Notes to the Financial Statements, which details the main disputes and contingent liabilities, in particular the dispute between various Group companies and the tax authorities.

II – Justification of our assessments

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we would draw the following matters to your attention:

- As part of our assessment of the accounting principles and policies applied by your Company, we specifically reviewed the procedures for impairing goodwill and trademarks detailed in section 13 "Impairment of fixed assets" in Note 1.2 "Accounting rules and policies", and in Notes 5.1 "Goodwill" and 5.2 "Trademarks and other intangible assets" to the Financial Statements. We assessed the assumptions used to determine the recoverable value of these assets for the purpose of comparing them with their book value. This recoverable value was primarily assessed on the basis of forecast future cash flows discounted as at the end of 2014. We did not identify any factors likely to globally call into question the reasonable nature of the assumptions adopted by Management as part of the impairment tests.

These assessments were made as part of our audit of the consolidated financial statements, taken as a whole, and therefore assisted us in forming our opinion, as expressed in the first part of this report.

III - Specific verification

In accordance with the professional standards applicable in France, we also performed the specific verifications, required by French law, on the information provided in the Group Management Report.

We have no comment to make on the fair presentation of that information and on its consistency with the consolidated financial statements.

Fontaine-lès-Dijon and Paris La Défense, 20 May 2015

The Statutory Auditors,

RENART, GUION & ASSOCIES	Aurélie Trucy
MAZARS	Romain Maudry
	Dominique Muller

3. 2014 ANNUAL ACCOUNT

3.1. 2014 Annual account

Balance Sheet - Assets

€000	31/12/2014 Gross	Amort. & Dep.	Net	31/12/2013 Net
Uncalled subscribed capital				
Start-up costs				
Research & development expenses				
Concessions, licenses and patents	902	170	732	718
Goodwill	136,289	136,289		
Advances & prepayments				
Other intangible assets				
Total intangible assets	**137,191**	**136,459**	**732**	**718**
Land				
Buildings	18	18		
Technical facilities, equipment & industrial tooling	27	27		
Other property, plant and equipment	131	60	72	8
Property, plant and equipment in progress				
Advances & prepayments	198	198		
Total property, plant and equipment	**375**	**303**	**72**	**8**
Other equity investments	260,665	58,880	201,786	196,073
Receivables relating to equity investments	163,664	37,748	125,916	154,881
Other long-term securities				
Loans	139	49	90	
Other	30,871	30,862	9	4,075
Total financial investments	**455,339**	**127,538**	**327,801**	**355,029**
TOTAL FIXED ASSETS	**592,905**	**264,300**	**328,604**	**355,754**
Raw materials and other supplies				
Goods in progress – Products				
Goods in progress – Services				
Semi-finished & finished goods				
Traded goods	128	24	103	245
Inventory & work-in-progress	**128**	**24**	**103**	**245**
Advances & prepayments on orders				
Trade receivables & related accounts	32,996	5,178	27,819	28,033
Other receivables	96,486	57,123	39,362	47,838
Subscribed capital called but unpaid				
Investment securities	986	175	811	819
Cash	3,138		3,138	4,181
Prepaid expenses	111		111	87
Operating receivables	**133,717**	**62,476**	**71,241**	**80,958**
TOTAL CURRENT ASSETS	**133,845**	**62,501**	**71,344**	**81,203**
Charges deferred over several financial years				
Redemption premiums on bonds				
Positive translation difference	1,208		1,208	1,565

TOTAL	**727,957**	**326,801**	**401,156**	**438,522**

Balance Sheet - Liabilities

€000	31/12/2014	31/12/2013
Share capital	52,973	52,972
Additional paid-in capital	627,145	627,139
Revaluation surplus		
Legal reserve	502	502
Other reserves		
Retained earnings	(492,357)	(472,614)
Profit/(loss) for the year	(8,617)	(19,743)
Regulated provisions		
Investment subsidies		
TOTAL EQUITY CAPITAL	**179,646**	**188,257**
Proceeds of equity loan issues		
Conditional advances		
TOTAL OTHER EQUITY CAPITAL		
Provisions for contingencies	13,860	17,413
Provisions for charges	2,439	2,439
TOTAL PROVISIONS FOR CONTINGENCIES & CHARGES	**16,299**	**19,852**
Convertible bonds		
Other bonds		
Loans and borrowings – credit institutions	1,724	1,917
Miscellaneous loans & borrowings	1,267	1,441
Advances & prepayments received on orders		
Trade payables & related accounts	40,704	51,253
Tax & social security liabilities	19,054	20,865
Fixed asset liabilities and related accounts	1,851	1,851
Other payables	134,133	145,835
Deferred income	6,427	7,201
TOTAL LOANS AND BORROWINGS	**205,160**	**230,362**
Negative translation difference	51	51
TOTAL	**401,156**	**438,522**

Income statement

€000	2014	2013
OPERATING INCOME		
Sale of traded goods	52	13
Sale of finished goods & services	4,042	43
Net revenues	**4,094**	**55**
Stored production		
Capitalised production		
Operating subsidies		
Reversals of provisions and depreciation & amortisation charges, expense transfers	126	1,336
Other income	1,965	2,129
TOTAL I	**6,185**	**3,520**
OPERATING EXPENSES		
Purchase of traded goods		
Change in inventory	166	15
Purchase of raw materials & other supplies		
Change in supply inventory		
Other external purchases	12,776	20,892
Miscellaneous taxes	23	20
Wages and salaries	1,821	1,101
Social security contributions	678	339
Depreciation, amortisation & provisions:		
Depreciation, amortisation & provisions on fixed assets	24	6
Provisions on current assets	80	14
Provisions for contingencies & charges		
Other expenses	566	406
TOTAL II	**16,134**	**22,794**
OPERATING PROFIT/(LOSS)	**(9,949)**	**(19,274)**
FINANCIAL INCOME		
Income from investments	5,740	5,914
Other investment securities & receivables on fixed assets	20	34
Other interest & similar income	2	
Provision reversals & expense transfers	10,989	37,628
Positive foreign exchange differences		
Net proceeds from the disposal of investment securities	2	34
TOTAL V	**16,754**	**43,610**
FINANCIAL EXPENSES		
Amortisation, depreciation & provisions	21,273	18,213
Interest and similar charges	216	5,714
Negative foreign exchange differences	117	448
Net expenses relating to the disposal of investment securities		
TOTAL VI	**21,606**	**24,376**

NET FINANCIAL INCOME/(EXPENSES)	**(4,852)**	**19,234**
UNDERLYING PROFIT/(LOSS) BEFORE TAX	**(14,801)**	**(39)**
NON-RECURRING INCOME		
On operating transactions	980	601
On capital transactions	65	19,403
Provision reversals and expense transfers	4,257	9,754
TOTAL VII	**5,302**	**29,758**
NON-RECURRING EXPENSES		
On operating transactions	625	1,072
On capital transactions	133	39,189
Amortisation, depreciation & provisions	1,056	14,662
TOTAL VIII	**1,815**	**54,924**
NET NON-RECURRING INCOME(EXPENSES)	**3,487**	**(25,166)**
Income tax	(2,697)	(5,462)
Employee profit sharing		
PROFIT/(LOSS)	**(8,617)**	**(19,743)**

CONTENTS

The notes set out below form an integral part of the annual financial statements for the financial year ended 31 December 2014, which cover a period of 12 months. These financial statements were approved by the Board of Directors on 12 May 2015.

The balance sheet total before appropriation of earnings amounted to:	401,156,305 EUROS
And the net loss was:	8,616,543 EUROS.

The Company prepares consolidated financial statements.

1/ Highlights

***Back in the Game* 2018 Strategic plan**

Buoyed by a renewed governance system, a healthier financial position and powerful brands with a strong multi-national presence, the Group's priorities in 2014 were to form a management team and to promote an integrated and calibrated operating system in order to determine and successfully execute the 2018 BIG strategic plan over the coming years.

The Belvédère Group has set down its goals in the 2018 "Back in the Game" (BIG) strategic plan. This plan, which was presented to investors in December 2014, is based on three operational priorities and aims at turning the Group into a core challenger in the market.

Divestment of non-strategic and loss-making assets

Belvédère intends to sell off non-strategic assets and assets that generate operating losses within the timeframe of its strategic plan. These are primarily wholesale activities in Poland, superfluous production equipment in Poland and property assets in Poland and France.

Optimisation of the long-term businesses via five priority programmes

- ✓ Modernising industrial facilities;
- ✓ Reducing direct purchasing costs;
- ✓ Improving the distribution model;
- ✓ Simplifying operations;
- ✓ Developing key skills.

Growing the businesses

To roll out its growth strategy, Belvédère will rely on:

- ✓ The four strategic cornerstones represented by Vodka, William Peel, Marie Brizard, and Fruits and Wine;
- ✓ Six key markets for development: France, Poland, the United States, Spain, Lithuania and Brazil.

These three programmes should enable the Group to achieve an EBITDA margin of between 12 and 15% within the plan timeframe.

Work performed on strengthening the organisational structure and the operation of the accounting and financial procedures forming part of the control system

In keeping with the change in the governance process made in 2013:

- ✓ Separation of the roles of Chairman of the Board of Directors and Chief Executive Officer;

- ✓ Appointment of independent directors;
- ✓ Creation of an Appointments Committee on 30 September 2013;
- ✓ Creation of a Remuneration Committee on 30 October 2013;
- ✓ Creation of an Audit Committee on 11 October 2013.

The Belvédère Group redefined the organisational structure of its holding company and of all Group entities in 2014.

1/ A strengthened senior management team

The Group's senior management team was strengthened following the arrival of Jean-Noel Reynaud, via the appointment of a Marketing Director, Purchasing Director and Industrial Director.

The Group's senior management team recorded the arrival of a Director of Human Resources and a General Secretary in 2015.

Accordingly, the Belvédère Group has set up an Executive Committee responsible for implementing the 2018 BIG strategic plan and for monitoring what are considered to be the key areas of improvement:

- ✓ Continuing to optimise working capital;
- ✓ Implementing a consistent and proactive sales policy based on Category Management;
- ✓ Reviewing the marketing positioning of the Group's brands;
- ✓ Generating significant synergies aimed at maximising efficiency and operating responsiveness while reducing the cost structure. Implementing industrial best practices and pooling the Group's purchases will be the first drivers for this area of improvement;
- ✓ Pooling know-how and expertise.

2/ A strengthened Finance Department

Belvédère SA has given the Group Finance Department the resources required to handle the preparation and assessment of the financial statements, to control the subsidiaries, to perform the management control process and to process complex transactions.

The two priority measures aimed at strengthening the internal control process involved the introduction of:

- ✓ An appropriate organisational structure;
- ✓ Tools for monitoring operating performance.

Accordingly, the Group Finance Department has added to its teams by:

- ✓ Strengthening the consolidation unit;
- ✓ Appointing a Group Management Controller;
- ✓ Appointing a Group Treasurer;
- ✓ Appointing a Deputy Finance Director.

3/ Strengthening the internal control process

During the 2014 financial year, the Group clearly determined the operating rules to be applied at each entity. These rules specifically concern:

- ✓ Delegations of authority: determining commitment authorisation and delegation of authority thresholds depending on the management levels;
- ✓ The performance of a comprehensive review, by each subsidiary, of commitments given and received;
- ✓ The performance of a comprehensive review of legal risk by each subsidiary.

Belvédère's senior management ensured that these operating rules were formally set down and correctly applied at each subsidiary throughout the year.

In addition, the Group paid particular attention to all the factors relating to cash management during the financial year. Accordingly, each entity performed the following tasks at senior management's request:

- Drawing up weekly cash position forecasts over a period of 13 weeks;
- Reviewing the bank accounts opened in the subsidiaries' name and, where applicable, streamlining relationships with banks;
- Applying the working capital management roles determined and monitored by the Group's Cash Management Department.

4/ Introducing reporting tools

In line with the implementation of the internal controls described above, the Group Finance Department introduced various monthly or weekly business reports designed to help senior management steer the operating activities. The main business reports cover the following topics:

- ✓ Weekly 13-week cash position forecasts;
- ✓ Monitoring the monthly operating performance;
- ✓ Identifying legal risk at each entity;
- ✓ Identifying the contractual and off-balance sheet commitments made at each entity;
- ✓ Identifying delegations of authority.

This information, which is prepared for each entity, is presented to the members of the Executive Committee on a monthly basis. The Group then consolidates this data, in order to obtain a consolidated overview of the Group's results with regard to cash position, earnings, risks and commitment.

5/ Internal Audit assignments

Senior management relied on the Internal Audit Department, which was set up in December 2013, with regard to internal control issues and the performance of investigation assignments.

The priority issues addressed by Internal Audit in 2014 were as follows:

- ✓ Determining Group policies and monitoring their application at the subsidiaries;
- ✓ Determining the Group reporting process;
- ✓ Performing specific audits at the request of senior management;
- ✓ Identifying best practices to apply within the Group;
- ✓ Identifying business risk;
- ✓ Monitoring the action plans aimed at strengthening the internal control process within the Group.

6/ Other

Throughout 2014, Group senior management worked on raising awareness of the importance of internal control amongst the subsidiary management teams (meetings with the Managing Directors, internal control questionnaires, inclusion of the internal control process in performance measurement).

The intra-Group cash flows within Belvédère's entities were documented at the Finance Department's initiative. The twofold goal was the controlling and optimisation of cash flows (simplification, financial optimisation, etc.).

2/ Accounting principles and policies

The Company financial statements for the financial year ended 31 December 2014 were prepared and presented in accordance with Regulation 2014-03 issued by the French Accounting Standards Authority and approved by the Ministerial Decree on the French General Chart of Accounts published on 8 September 2014.

The accounting policies were applied in compliance with the prudence principle, in accordance with the basic assumptions of:

- going concern;
- consistency of accounting methods from year to year;
- the independence of financial years;
- compliance with the general rules for preparing and presenting annual financial statements.

The basic method used to value items entered in the accounts is the historical cost method.

2.1 Intangible assets

Intangible assets primarily consist of trademarks valued at their purchase cost, software and a technical loss following a Universal Contribution of Assets.

If the current value of an intangible asset falls below its net book value, that value is reduced to the current value via an impairment charge. The current value is the estimated value determined in accordance with the market value and/or the value-in-use determined on the basis of the discounted cash flows expected.

An impairment test is performed at each year-end and at each interim period-end, if there is any evidence that an intangible asset may have lost a significant amount of its value.

Value-in-use is calculated on the basis of discounted future cash flows determined in accordance with the 2018 BIG strategic plan. The application of the strategic plan to cash flow forecasts was based on a number of key assumptions and judgements aimed at determining the trend in the markets in which the Group operates. As a result, the actual cash flows may differ from the estimated forecast cash flows used to determine value-in-use. Discount and long-term growth rates derived from assessments of the sector in which the Group operates are applied in order to estimate the value-in-use of fixed assets. The Company used a discount rate of 7.8% and a long-term growth rate of 2% for the 2014 financial year.

Goodwill, which amounts to €136,289,000, has been fully impaired since 31/12/2012.

2.2 Property, plant and equipment

Property, plant and equipment are valued at their purchase cost.

Depreciation is calculated on a straight-line basis depending on the estimated useful life.

The depreciation period for each category breaks down as follows:

	Term
Buildings	20 years
Building fixtures and fittings	10 or 3 years
Equipment and tools	5 years
Transportation equipment	5 years
Office and computer equipment	3 years
Office furniture	5 years
Other property, plant and equipment	6 years
Trademark and model filing	10 years

2.3 Financial assets

The purchase cost of securities is equivalent to the amount of the remuneration paid to the vendor. The Company does not capitalise security acquisition costs; these costs are therefore expensed.

Receivables relating to investments correspond to medium and long-term loans granted to the subsidiaries, which are formally set down in an agreement.
A provision for impairment of equity investments is recorded when their fair value is lower than their purchase cost at the financial year-end. The fair value of equity investments corresponds to their value-in-use for the Company. This value-in-use is measured on the basis of the subsidiary's equity capital, earnings, value-in-use or estimated disposal value.
Value-in-use is calculated on the basis of discounted future cash flows determined according to the 2018 BIG strategic plan. The application of the strategic plan to cash flow forecasts was based on a number of key assumptions and judgements aimed at determining the trend in the markets in which the Group operates. As a result, the actual cash flows may differ from the estimated forecast cash flows used to determine value-in-use. Discount and long-term growth rates derived from assessments of the sector in which the Group operates are applied in order to estimate the value-in-use of fixed assets. The Company used discount rates of 7.8% and 10% respectively for MBRI and Sobieski Spolka, and a long-term growth rate of 2% for the 2014 financial year.

If the equity investment's net assets become negative, an impairment charge equivalent to the Company's share of the net assets is recorded, first on the securities, and then on the related receivables.

2.4 Inventory valuation and impairment policy

Inventory is valued on the basis of the purchase cost of the goods in accordance with the "first in, first out" (FIFO) method.

A provision may be recorded if:
- the purchase price becomes higher than the potential market value;
- the product is defective;
- the marketing plan is abandoned;
- the product's turnover is low; in this case, the rules are as follows:

*no turnover for three years: impairment charge of $33^{1/3}\%$
*no turnover for four years: impairment charge of $66^{2/3}\%$
*no turnover for five years: impairment charge of 100%

2.5 Other receivables and payables

<u>Receivables</u>

Receivables are recorded at their nominal value; a provision for impairment is charged where the fair value is lower than the net book value.

Receivables on current accounts held by the Group's subsidiaries correspond to short-term financial advances granted to the latter. These receivables do not bear interest, except for those relating to the subsidiaries covered by the cash management agreement. In the case of subsidiaries that have been acquired or created recently, these advances are allocated pending the arrangement of appropriate financing structures.

Payables

The Company has not opted to defer its loan issuance costs.

It has opted to expense these costs.

Receivables and payables denominated in foreign currencies

Receivables and payables denominated in foreign currencies are recorded at their equivalent consideration in euros as at the transaction date.

They are revalued on the basis of the closing exchange rate at the financial year-end; unrealised foreign exchange gains and losses are recorded under accruals on the balance sheet. If the difference between the book value and the fair value shows an unrealised loss, a provision is then recorded.

2.6 Provisions for contingencies and charges

In accordance with the provisions of CRC Regulation 2000-06 on liabilities, which are included in Regulation 2014-03 issued by the French Accounting Standards Authority, the Company records provisions as soon as a present, legal or constructive obligation arising from a past event materialises, where it is likely that an outflow of resources representing economic benefits will be necessary to settle the obligation and where the amount of this outflow can be reliably estimated.

3/ Notes on balance sheet assets

3.1 Fixed assets

3.1.1 Change in fixed assets (Gross Value) in 2014

Intangible assets (€000)	31/12/2013	Increase	Decrease	31/12/2014
Patents, licences and trademarks	833			833
Goodwill	136,289			136,289
Trademark & model filing expenses				
Trademark & model design expenses				
Software	50	19		69
TOTAL	**137,172**	**19**		**137,191**

Property, plant and equipment (€000)	31/12/2013	Increase	Decrease	31/12/2014
Land				
Buildings				
Fixtures and fittings	18			18
Equipment and tools	27			27
Fittings	3			3
Transportation equipment	1	65	1	65
Office and computer equipment	46	18		64
Advances and prepayments	198			198
TOTAL	**293**	**83**	**1**	**375**

Financial investments (€000)	31/12/2013	Increase	Decrease	31/12/2014

Equity investments	260,565	100		260,665
Receivables relating to equity investments	190,869	4,790	31,995	163,664
Loans	179	90	130	139
Deposits & guarantees	31,887	20	4,086	27,822
Other long-term financial receivables	3,049			3,049
TOTAL	**486,550**	**5,000**	**36,211**	**455,339**

Notes on intangible assets:

Intangible assets, which had a gross value of €137,191,000, specifically break down as follows:

- Trademarks: €833,000

The valuation of trademarks is closely correlated to the market shares held in the countries concerned. The Company owns trademarks including Sobieski and Krolewska.
The application of the impairment test as described in section 2.1 did not result in any value adjustments being performed for the 2014 financial year.

- Goodwill: €136,289,000

Corresponds to the technical loss arising from the Universal Contribution of Assets from Duke Street Capital France 2, the company that owned Marie Brizard et Roger International, on 30 June 2006. The application of the rules set out in section 2.1 led to an adjustment to the value of goodwill being performed in the 2012 financial year; the value of that goodwill is now nil.

Notes on equity investments:

See the table showing the subsidiaries and equity investments.

Notes on related receivables:

The "receivables relating to equity investments" item primarily consists of:
- the loan granted to Marie Brizard, which has been recorded under frozen liabilities and amounts to €100,153,000, including interest of €25,908,000;
- three loans to Sobieski Spolka totalling €25,763,000, including interest of €409,000;
- the reclassification of advances to BCM, which are recorded in the subsidiary's equity capital and amount to €15,041,000;
- a loan to Imperial Brands amounting to €9,927,000, including interest of €43,000;
- a loan to Belvédère Ukraine amounting to €5,000,000;
- receivables against Vremena Goda amounting to €4,862,000.

The €4,790,000 increase during the 2014 financial year primarily corresponds to:
- the interest on the loan granted to Marie Brizard (€3,564,000);
- the interest on the loan granted to Sobieski Spolka (€457,000).

The €31,995,000 decrease during the 2014 financial year primarily corresponds to:
- the 1st dividend received as part of the debt repayment plan (€23,033,000);
- the repayment of a loan granted to Sobieski Spolka (€5,381,000);
- the deduction of an Imperial Brands invoice (€3,533,000) from its related receivables account; this invoice corresponds to Belvédère SA's coverage of the marketing expenses for the Sobieski trademark.

Notes on the deposits in escrow:

Write-off of the Clico Investment Bank commercial paper

The full write-off of the commercial paper arranged with Clico Investment Bank in 2006 was maintained.

Reminder of the background:

An investment with an initial value of €25,000,000 for a two-year term was made on 10 July 2006 in the form of fixed-income commercial paper issued by Clico Investment Bank in Trinidad and Tobago, a subsidiary of the CL Financial Group (the former majority shareholder in Belvédère until 31 July 2007). Although the paper matured on 10 July 2008, it was not redeemed, as a result of which Belvédère initiated legal proceedings.

In late 2008, Clico Investment Bank encountered difficulties which prompted the Trinidad and Tobago government to sign a memorandum of understanding with Clico Investment Bank on 29 January 2009.

All the Group's efforts to recover this commercial paper failed.
The liquidation of Clico Investment Bank was announced, and the liquidation process began in the 1st half of 2012.

As a result, the commercial paper, which amounted to €27,813,000 in total (principal and interest) was written off. The Company had assessed the potential risk of not recovering this commercial paper at €22,732,000 (recorded as a provision for contingencies) in 2009 on the basis of negotiations at the time. An additional impairment charge of €5,081,000 was recorded in 2012.

Notes on other long-term financial receivables:

None

3.1.2 Change in amortisation, depreciation and impairment charges on fixed assets

Change in amortisation and depreciation on fixed assets:

Intangible assets (€000)	31/12/2013	Increase	Decrease	31/12/2014
Software	50	5		55
Trademarks & models				
Licences and trademarks	115			115
TOTAL	**165**	**5**		**170**

Property, plant and equipment (€000)	31/12/2013	Increase	Decrease	31/12/2014
Buildings				
Fixtures and fittings	18			18
Equipment and tools	27			27
Fittings	3			3
Transportation equipment	1	12	1	12
Computer equipment and furniture	39	7		45
TOTAL	**87**	**18**	**1**	**105**

Change in impairment charges on fixed assets:

Intangible assets (€000)	31/12/2013	Increase	Decrease	31/12/2014

Software				
Goodwill	136,289			136,289
Trademarks & models				
Licences and trademarks				
TOTAL	**136,289**			**136,289**

Property, plant and equipment (€000)	**31/12/2013**	**Increase**	**Decrease**	**31/12/2014**
Advances and prepayments	198			198
TOTAL	**198**			**198**

Financial investments (€000)	**31/12/2013**	**Increase**	**Decrease**	**31/12/2014**
Equity investments	64,492	569	6,181	58,880
Loans	179			179
Deposits & guarantees	27,813			27,813
Other long-term receivables	3,049			3,049
Related receivables	35,988	4,852	3,222	37,618
TOTAL	**131,521**	**5,421**	**9,403**	**127,538**

The impairment charges and reversals during the financial year result from the application of the policy described in section 2.3 and specifically concern the Marie Brizard, Imperial Brands and Ukraina subsidiaries. The Clico commercial paper, which amounted to €27,813,000 in total (principal and interest), has been fully written off.

3.2 Statement of receivables and current assets

€000	**Gross amount**	**Due in 1 year or less**	**Due in over 1 year**
Fixed assets			
Related receivables*	163,664	29,787	133,877
Loans	139	109	30
Other financial investments**	30,871		30,871
Current assets & prepaid expenses			
Trade receivables	32,996	13,042	19,954
*- Group **	*29,637*	*9,960*	*19,677*
- non-Group	*3,359*	*3,082*	*277*
Other receivables	96,486	93,605	2,880
*- Group * ***	*59,276*	*57,923*	*1,353*
*- non-Group ****	*37,210*	*35,683*	*1,527*
Prepaid expenses	111	111	
TOTAL	**324,266**	**136,654**	**187,612**

(*) In view of the approval of the Business Continuity Plans for Belvédère's guarantor subsidiaries as part of the FRN loan (MBRI and six Polish subsidiaries) on 9 April 2013, the receivables that Belvédère SA held against these companies have been broken down according to the term of each plan in the 2014 financial statements.
(**) The Clico Investment Bank commercial paper, which amounted to €27,813,000 and matured in 2008, has been fully written off.
(***) The other receivables are corporation tax (€31,011,000) and VAT receivables against the Government, as well as advances to staff, sundry debtors and subsidiaries' current account overdrafts.
(****) Specifically including the current accounts of the following subsidiaries:

- Sobieski SARL: €20,787,000
- Belvédère Capital Management: €12,099,000

- Imperial Brands: €10,249,000

Inventory

Statement of inventory (€000)	Gross	Provision	Net
Inventory	128	24	103

None of this inventory is the subject of a retention of title clause.

Change in provisions on current assets

€000	31/12/2013	Increase	Decrease	31/12/2014
Provisions for impairment				
Provision on subsidiaries' current accounts	41,974	14,644	21	56,597
Provision on other current accounts	25			25
Provisional on investment securities				
Provision on treasury shares and warrants	181	175	181	175
Provision on miscellaneous receivables	502			502
Provision on trade receivables	5,097	80		5,178
Provision on inventory	146		121	24
TOTAL	**47,924**	**14,900**	**323**	**62,501**

The €14,644,000 increase in the provision on subsidiaries' current accounts primarily consists of the inclusion of the change in Imperial Brands' net assets, which amounted to €10,232,000, and in the change in the Bulgarian subsidiaries' net assets, which amounted to €3,576,000.

3.3 Investment securities & Cash

3.3.1 Investment securities

CATEGORY	Share price at 31/12/2014 (€)	Market value (€000)	Gross value (€000)	€ Provision (€000)	Unrealised capital gains (€000)
Unit trusts					
Shares					
Investment funds	2,260	734	734		
Treasury shares	11	77	253	175	
Treasury 2004 warrants					
Treasury 2006 warrants					
Treasury A bonds					
Treasury B bonds					
TOTAL		**811**	**986**	**175**	

Belvédère held 7,123 treasury shares as at 31 December 2014 as part of the share buyback programme approved by the Company's General Meeting on 30 September 2013.

The treasury shares were valued on the basis of the last share price; a provision of €175,000 is shown on the balance sheet as at 31 December 2014. This provision amounted to €181,000 as at 31 December 2013.

3.3.2 Cash

The total cash amount of €3,138,000 corresponds to bank account balances.

3.4 Accrued income included in balance sheet items

Financial investments (Interest & Loans):	€26,360,000
Trade receivables & related accounts (customer invoices pending):	€0
Government – accrued income:	€1,090,000
Other receivables:	€459,000

3.5 Prepaid expenses

Prepaid expenses of €111,000 cover services paid for in advance, rental payments, insurance premiums and maintenance.

3.6 Positive translation difference

Translation difference/reduction in receivables:	€1,208,000
Translation difference/increase in payables:	€0

4/ Notes on balance sheet liabilities

4.1 Share capital

	Number	Nominal value (€)
Opening number of shares	26,486,213	2
Shares issued	269	
Shares redeemed or cancelled		
Closing number of shares	26,486,482	2

4.2 Appropriation of 2013 earnings

The General Meeting decided to allocate the €19,743,000 loss for 2013 to "retained earnings".

€000	N-1	Appropriation of earnings	Other movements	Balance
Share capital	52,972		1	52,973
Additional paid-in capital	533,977		6	533,983
Profit/(loss) for year N-1	(19,743)	19,743		
Retained earnings	(472,614)	(19,743)		(492,357)
Legal reserve	502			502
Subordinated debt warrants	93,162			93,162
Dividends				
Profit/(loss) for year N			(8,617)	(8,617)
TOTAL	**188,256**		**(8,610)**	**179,646**

The Company's equity capital amounted to €179,646,000 as at 31 December 2014 compared to share capital of €52,973,000.

Accordingly, it is clear that equity capital amounts to over 50% of the share capital.

4.3 Provisions

The provisions for contingencies and charges items break down as follows:

€000	31/12/2013	Increase	Decrease		31/12/2014
			Used	Unused	
Provisions for contingencies and charges					
Provisions for litigation					
Provisions for foreign exchange losses	1,565	1,208		1,565	1,208
Provisions for taxes	2,054				2,054
Other provisions for contingencies	16,232	881		4,076	13,037
- provisions relating to equity investments	*15,801*	*491*		*4,076*	*12,215*
- other provisions	*432*	*390*			*822*
TOTAL	**19,852**	**2,089**		**5,641**	**16,299**

Provisions for contingencies and charges amounted to €16,299,000 at the end of 2014 compared with €19,852,000 at the end of 2013, and primarily consisted of:

. a €1,208,000 provision for foreign exchange losses;
. a provision of €5,060,000 relating to the Imperial Brands subsidiary;
. a provision of €5,345,000 relating to the BCM subsidiary;
. a €2,439,000 provision for tax contingencies.

Provisions for taxes

Belvédère S.A. together with the other tax group companies were the subject of an accounting audit for tax purposes that began on 19 January 2009. In the case of most of the subsidiaries concerned, the audit covers corporation tax, VAT and other levies for the period between 1 January 2006 and 31 December 2007.

The total amount of these adjustments is around €25.4 million (including surcharges and late payment interest), including €17.9 million for corporation tax, €6.7 million for withholding tax, €0.6 million for corporation tax social security contributions and €0.2 million for VAT.
The main reason for the adjustment is the rejection of the deduction of interest relating to a loan of €375 million issued in the form of transferable floating-rate notes, or "FRNs". This agreement, which was entered into on 24 May 2006, is governed by the law of the New York State.
Amongst the proposed adjustments, the increases related to FRN interest amount to €15.8 million for 2006 and €28.1 million for 2007. These adjustments resulted in additional corporation tax (excluding late payment interest) of €15.1 million for 2006 and 2007, as well as additional withholding tax of €5.3 million for 2006.
A recovery notice for this tax was issued in April 2012.
These adjustments were disputed via claims, including a request for deferred payment, and then via applications instituting proceedings in the Montreuil Administrative Court.
The Montreuil Administrative Court rejected the application submitted by Belvédère in two decisions issued on 29 December 2014.
Belvédère S.A. appealed both judgements via two appeals lodged at the Versailles Administrative Appeal Court on 25 February 2015.
If it is confirmed, the tax receivable will need to be settled as part of the rehabilitation plan approved by the Dijon Commercial Court. As matters stand, Belvédère believes that no plan dividend can be paid to the tax authorities while these receivables remain contested and are not subject to a final ruling.
In view of these factors and Belvédère's confidence in the favourable outcome of this dispute, no provision has been recorded in connection with this dispute. A provision of €3.5 million is still recorded on the balance sheet for the other adjustment items.
In the event that its appeal is rejected by the Versailles Administrative Appeal Court, the Group will be required to pay the amounts due in connection with the aforementioned adjustments relating to the 2006 and 2007 financial years. In addition, the Group may be required to repay the amounts received in connection with the 2008 carry-back, or €10.4 million. Lastly, in the event that the deduction of the "FRN" interest for the subsequent financial years is ruled out, the corresponding adjustments would reduce the French tax consolidation tax-loss carry-forward.
It is appropriate to recall that the request for repayment of a carry-back receivable was made to the tax authorities in late 2014, and resulted in the repayment of that receivable in an amount of €31.0 million on 26 February 2015.

4.4 Payables

Statement of payables (€000)	Gross amount	of which frozen liabilities	Due in less than 1 year	Due in 1 to 5 years	Due in over 5 years
Bonds					
of which accrued interest					
Credit institutions	1,724	1,715	263	1,015	445
of which accrued interest	*352*	*352*	*27*	*108*	*218*
Miscellaneous loans and borrowings	1,253	1,253	234	873	146
of which accrued interest	*151*	*151*	*50*	*139*	*(38)*
Trade payables	40,704	35,258	11,047	22,407	7,250
Tax & social security liabilities	19,054	17,808	4,060	11,258	3,736
Other payables	142,425	120,733	41,770	80,310	20,346
TOTAL	**205,160**	**176,767**	**57,374**	**115,863**	**31,923**

Tax and social security liabilities totalling €19,054,000 primarily consist of €16,853,000 relating to the tax liability included in the plan (corporation tax, penalties and annual fixed-rate tax) and €879,000 relating to the corporation tax penalties not included in the plan (undeclared). As these liabilities were recorded during previous financial years, they have no impact on the 2014 income statement.

Other payables totalling €142,401,000 primarily consist of €108,293,000 in Marie Brizard's frozen current account and €10,419,000 in Sobieski Spolka's frozen current account.

The difference between the frozen liabilities subject to deferred payments and the frozen liabilities stated on the balance sheet results from undeclared receivables, the payment of which has therefore been deferred to the end of the plan. In fact, the Company continues to dispute the declaration of certain receivables.

4.4.1 Loans

€000	Initial amount	Principal at 31/12/2014	Principal outstanding		
			less than 1 year	1 to 5 years	over 5 years
Bonds					
Floating-rate bank loan at EURIBOR +0.90%	5,000	1,360	227	907	227
Loans from credit institutions	5,000	1,360	227	907	227
TOTAL	**5,000**	**1,360**	**227**	**907**	**227**

The guarantees given for the loans are shown in section 6 – *Commitments given.*

4.4.2 Liabilities represented by bills of exchange

Trade payables: €0

4.4.3 Accrued expenses included in balance sheet items

Loans and borrowings – credit institutions: **€513,000**
Accrued bank interest: €9,000
Interest due on loans: €457,000
Accrued interest on loans: €47,000

Trade payables: €4,031,000
Miscellaneous supplier invoices pending: €4,031,000

Tax and social security liabilities: €1,400,000
Provisions for paid leave: €148,000
Provisions for other payroll expenses: €316,000
Social security organisations and paid leave charges: €57,000
Other tax charges payable: €879,000

Other payables: €0
Rebates, reductions and discounts due (to customers) €0

4.4.4 Deferred income

This item covers royalties of €6,427,000 for trademark licences paid in advance by licensee subsidiaries.

4.5 Negative translation difference

Translation difference/increase in receivables: €0

Translation difference/decrease in payables: €51,000

5/ Notes to the income statement

5.1 Breakdown of revenues excluding tax

€000	2014
France	1,934
Exports	2,159
TOTAL	4,094

5.2 External charges

As a reminder, the Group signed a four-year partnership agreement with Bruce Willis, the US actor and film producer, for the promotion of Sobieski Vodka in 2009. This agreement ended in January 2014.

The main changes in external expenses in 2014 mainly consisted of a reduction in marketing expenses. This decrease was primarily due to the full-year effect of the termination of the representation agreement with Bruce Willis.

5.3 Net financial income

The net financial expenses of €4,852,000 broke down as follows:

Expenses:

- interest on loans €88,000

- interest on Group current and term accounts:	€128,000
- foreign exchange losses:	€117,000
- other financial expenses:	€0
- additions to provisions for impairment of financial investments:	€5,421,000
- additions to provisions for impairment of current accounts:	€14,644,000
- additions to provisions for financial contingencies and charges:	€1,208,000

Income:

- dividends: €974,000
- interest on Group current and term accounts: €625,000
- income from related receivables: €4,142,000
- income from long-term receivables: €20,000
- proceeds from disposals of securities: €2,000
- other financial income: €2,000
- reversals of provisions for impairment of financial investments: €9,403,000
- reversals of provisions for impairment of Group current and term accounts: €21,000
- reversals of provisions for financial contingencies and charges: €1,565,000

The changes in the provisions for the financial year primarily involved:

- €6,026,000 for the equity investment in Marie Brizard;
- the Belvédère Ukraina related receivable -€3,575,000;
- the Imperial Brands related receivable and current account which amounted to -€7,091,000 (€3,141,000 - (€10,232,000));
- the Bulgarian subsidiaries' current accounts -€3,576,000.

Exposure to currency risk:

Receivables in US dollars amounted to US$77,000 and are not hedged.

5.4 Non-recurring items

Net non-recurring income amounted to €3,487,000 and broke down as follows:

Expenses:
- penalties: €48,000
- other expenses relating to operating transactions: €19,000
- expenses relating to previous financial years: €558,000
- loss on treasury shares: €24,000
- miscellaneous non-recurring expenses: €110,000
- provisions for exceptional contingencies and charges: €881,000
- provisions for exceptional impairment charges: €175,000

Income:
- non-recurring income from operating transactions €916,000
- income from previous financial years: €64,000
- proceeds from disposals of fixed assets: €12,000
- gains on treasury shares: €52,000
- miscellaneous non-recurring income: €1,000
- reversal of provisions for exceptional contingencies and charges: €4,076,000
- reversal of provisions for exceptional impairment charges: €181,000

5.5 Breakdown of corporation tax

€000	Income before tax	Tax consolidation proceeds	Net income after tax
Underlying loss	(14,801)	2,697	(12,104)
Net non-recurring income	3,487		3,487
TOTAL	**(11,314)**	**2,697**	**(8,617)**

The tax consolidation arrangements are discussed in section 6 – *Tax consolidation*.

5.6 Impact of exceptional tax assessments

Net loss for the financial year:	-€8,617,000
Tax consolidation proceeds:	€2,697,000
Net loss before tax:	-€11,314,000
Change in regulated provisions:	€0

Income before tax, excluding exceptional tax assessments: -€11,314,000

The tax profit of €2,230,000 is the result of the tax consolidation arrangements.

<u>Increases and decreases in future tax liabilities:</u>

€000	Amount	Tax
Increase:		
Positive translation difference	1,208	403
Decrease:		
Provisions not deductible in the year of recognition	2,089	696
Negative translation difference	51	17
UCITS difference		

Monitoring of tax-loss carry-forwards:

Wholly attributable remaining tax losses to be carried forward in respect of previous financial years: €8,437,000

6/ Other information

Management remuneration:

The remuneration paid to management is not provided, as it would lead to the disclosure of individual remuneration.

Average headcount:

Employees: 0
Executives: 11
Total: 11, including 1 secondment

Identity of the parent company that consolidates the Company's financial statements:

Belvédère SA is the consolidating parent company.

Tax consolidation:

With effect from 1 January 2006, Belvédère SA opted for the company grouping tax consolidation regime provided for in Article 223A of the French General Tax Code.

The companies included for tax consolidation purposes are: Sobieski SARL, Marie Brizard et Roger International, William Pitters International, Cognac Gautier, Moncigale (formerly Les Chais Beaucairois) and Distilleries Françaises.

The tax consolidation arrangements generated proceeds of €2,229,000.

Affiliated companies and equity investments:

Information regarding affiliated companies and equity investments (€000)

ITEMS	AMOUNT RELATING TO THE COMPANIES Affiliates	Related via an equity investment
Equity investments	259,866	799
Provisions on equity investments	*(58,082)*	*(798)*
Receivables relating to equity investments	163,664	
Provisions on related receivables	(37,748)	
Other loans		
Provisions on other loans		
Trade receivables and related accounts	29,489	9
Provisions on trade receivables	*(1,767)*	*(9)*
Other receivables (current and term accounts)	59,007	268
Provisions on other receivables	*(56,330)*	*(268)*
Trade payables and related accounts	2,708	
Other payables (current and term accounts)	134,026	
Income from equity investments	974	
Other financial income	4,767	
Financial expenses	157	

Commitments given:

GUARANTEES BENEFICIARY	COUNTRY	BEGINNING OF GUARANTEE	END OF GUARANTEE	AMOUNT IN FOREIGN CURRENCIES	AMOUNT IN (€000)
BANK	POLAND	18/07/2006		PLN 4,747,502	1,111
BANK	DENMARK	24/10/2006		DKK 3,500,000	470
				TOTAL	**1,581**

Pledging of trademarks:

The Zawisza trademark is pledged to a bank as security for a loan for a residual amount of €1,360,000.

Pension commitments:

Pension commitments, excluding management pensions, have been estimated at €15,000, and no provision has been recorded for them.

Commitments received:

None

7/ Post-balance sheet events

The main post-balance sheet events are as follows:

1) Payment of the 2nd dividend:

The Belvédère Group has announced that it paid Fréderic Abitbol, the plan administrator, the amounts of the 2nd dividends payable on 19 March 2015 for the seven Group companies involved (Belvédère SA, Marie Brizard et Roger International SA, Sobieski SP Zoo, Destylernia Sobieski SA, Sobieski Trade SP Zoo, Domain Menada SP Zoo and Fabryka Wodek Polmos Lancut SA).

It is worth noting that offset agreements between Belvédère SA, Marie Brizard and Sobieski Spolka were approved by the plan administrator.

Moncigale's frozen debt is also the subject of a gradual repayment schedule.

The 2nd dividend paid by Moncigale was paid to Mr Torelli, the plan administrator, in April 2015.

2) Repayment of the carry-back receivable

On 19 February 2015, Belvédère was informed by the large cap department of the French Public Finance Department that its request for the repayment of a receivable had been accepted. As a result, the repayment of €31 million was received on 26 February 2015.

3) Allotment of bonus shares and stock options to employees and managers

At its meeting on 12 March 2015, the Board of Directors of Belvédère SA decided to allot 9,320 bonus shares and 480,000 stock options on Belvédère SA shares to certain Group employees and managers, under the conditions set out below.

This decision actually enables a better alignment of the beneficiaries' interests with the interests of the Belvédère Group's shareholders. The characteristic features of this allotment are as follows:

- Allotment of bonus shares

The Board of Directors decided to allot 20 bonus shares to every employee of Belvédère SA and its French subsidiaries, i.e. a total number of 9,320 bonus shares. These bonus shares will vest at the end of a two-year period following their allotment, on the sole condition that the employee still works at the Company at the end of that period, and with no specific performance conditions. The shares will be non-transferable for a period of five years beginning at the end of the aforementioned vesting period.

- Allotment of options subject to performance conditions

The 480,000 stock options (the "Options") have been allotted to 26 managers employed by the Belvédère Group, including Jean-Noël Reynaud, the Chief Executive Officer, who has been allotted 110,000 Options.

The Options will give each beneficiary the right to subscribe to or purchase one share in Belvédère SA at an exercise price of €10.64 per share, calculated on the basis of the average opening price for Belvédère shares over the last 20 trading sessions prior to the date of the Board of Directors' meeting.
The Options allotted may only be exercised in stages, and subject to the fulfilment of performance conditions under the following conditions:

- ✓ A maximum of 20% of the Options allotted may be exercised in 2015, subject to the achievement of a determined level of consolidated underlying operating profit for the financial year ended 31 December 2014, on the basis of the 2014 consolidated financial statements, on the understanding that a certain number of these Options could nonetheless be exercised if this target was partially achieved;

- ✓ A maximum of 20% of the Options allotted may be exercised in 2016, subject to the achievement of a determined consolidated EBITDA/revenues margin on the basis of the 2015 consolidated financial statements, on the understanding that a certain number of these Options could be exercised if this target was partially achieved;

- ✓ A maximum of 60% of the Options allotted may be exercised in 2018, subject to the achievement of a determined consolidated EBITDA/revenues margin on the basis of the 2017 consolidated financial statements, on the understanding that a certain number of these Options could be exercised if this target was partially achieved.

The Board of Directors will assess compliance with these performance conditions, on the understanding that the condition of employment within the Group at the time when the Options are exercised has also been provided for in the allotment plan.

In addition to the obligation to retain 50% of the shares for a period of two years from the exercise date for the corresponding Options determined by the Board of Directors, to which all the beneficiaries of the Options will be subject, Jean-Noël Reynaud will be required to retain at least 20% of the shares resulting from the exercise of the Options in registered form until the termination of his employment, in accordance with paragraph 4 of Article L. 225-185 of the French Commercial Code.

List of affiliates and equity investments

31/12/2014 (€000)	Country	Share capital	Other equity capital	% held	Gross value of the securities	Net value of the securities	Revenues	Net profit/(loss)	Gross value of loans and advances	Endorsements and guarantees granted	Dividends received	Comments
Belvédère Capital Management	Bulgaria	3	(1,955)	100.00%	3		150	1,169	27,140			
Belvédère Bulgaria EOOD	Bulgaria			100.00%	100				2,743			
Dubar	Brazil	4,295	2,856	100.00%	5,281	5,281	6,646	860			974	
AZA Handels	Switzerland	n/a	n/a	100.00%	5,100		n/a	n/a	117			
Sobieski Trading China	China	697	(739)	100.00%	600		46	(50)	240			
Belvédère Ceska	Czech Republic	n/a	n/a	98.60%	2,289		n/a	n/a	339			No business activity
Scandinavia	Denmark	350	1,438	100.00%	3,031	1,788	3,007	(261)		470		
Duty Free	Denmark	100	24	100.00%	100	100	n/a	4,126				
Marie Brizard	France	17,477	119,907	100.00%	170,716	149,026	134,426	23,552	100,753			Current account overdraft: €115,280,000
Sobieski SARL	France	8	21,176	99.80%	8		360	(575)	20,787			
Sobieski Beverages India	India	12	(835)	100.00%	612		127	(106)	1,154			50% owned by Sobieski sarl
Belvédère Baltic	Lithuania	116	(77)	80.00%	73	31	n/a	39				
Belvédère Prekyba	Lithuania	1,846	195	60.00%	985	985	17,176	117				
Euro Agro Warszawa	Poland	351	(139)	100.00%	1		27	9				
Sobieski Spolka	Poland	39,057	4,100	100.00%	44,574	44,574	277,414	(12,706)	25,763	1,111		Current account overdraft: €15,219,000
Sobieski International	Poland	12	265	100.00%	14		n/a	15				
Vremena Goda	Russia	n/a	n/a	100.00%	170		n/a	n/a	5,604			45% owned by AZA
Belvédère-Rus	Russia	n/a	n/a	100.00%	3		n/a	n/a	110			
Belvédère Slovaquia	Slovakia	57	(297)	100.00%	1,006		n/a	n/a	122			
Belvédère Icecek Sanayi	Turkey	n/a	n/a	98.00%	419		n/a	n/a	59			
Belvédère Istanbul	Turkey	n/a	n/a	98.87%	2,040		n/a	n/a	3,043			
Belvédère Mersin	Turkey	n/a	n/a	98.89%	10		n/a	n/a	282			
Belvédère Ukraina	Ukraine	n/a	n/a	100.00%	6,316		n/a	n/a	5,057			
Galiart	Belarus	189	(828)	98.02%	706		2,746	(100)	1,506			
Sobieski USA	USA	2	(322)	100.00%	1		n/a	n/a	2,898			No business activity
Imperial Brands	USA	16,473	(41,709)	100.00%	15,037		19,942	(525)	20,176			

Abbaye de Talloires	France	n/a	n/a	15.74%	798		n/a	n/a	267		
Other					672				4,320		
Total					**260,665**	**201,785**			**222,480**	**1,581**	**974**

3.2. Statutory Auditors' report on the 2014 Company financial statements

To the Shareholders,

Pursuant to the assignment entrusted to us by your General Meeting of Shareholders, we hereby present our report on the financial year ended 31/12/2014, on:

- the audit of the Belvédère SA Company financial statements, as appended to this report;
- the justification of our assessments;
- the specific verifications and information required by law.

The Company financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the Company financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit so as to obtain reasonable assurance that the financial statements are free of material misstatements. An audit includes verifying, by audit sampling and other selective testing procedures, evidence supporting the amounts and disclosures in the financial statements. It also consists in an assessment of the accounting principles followed, the significant estimates made and the presentation of the statements as a whole. We consider that the evidence that we have gathered is sufficient and appropriate to form the basis for our opinion.

We hereby certify that, in accordance with French accounting rules and principles, the Company financial statements are in order and accurate and give a true and fair view of results of the operations for the financial year ended, as well as of the Company's financial position, assets and liabilities at the end of that financial year.

Without calling the above opinion into question, we draw your attention to the following points set out in:

- Note 1 "Highlights" in the Notes to the Financial Statements regarding the "Work performed on strengthening the organisational structure and operation of the accounting and financial procedures forming part of the control system", which describes the work undertaken by the Company in this context. This information remedies the shortfalls that led us to express a qualification in our reports on the previous financial years;
- Note 4.3 "Provisions" in the Notes to the Financial Statements, which details the main disputes and contingent liabilities, in particular the dispute between the Company and the tax authorities.

II - Justification of our assessments

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we would draw the following matters to your attention:

- As part of our assessment of the accounting principles and policies applied by your Company, we specifically verified the appropriateness of the procedures for the impairment of intangible and financial assets set out in Notes 2.1 and 2.3 to the Financial Statements. We assessed the assumptions used to determine the value-in-use of these assets for the purpose of comparing them with their book value. This value-in-use is specifically assessed on the basis of discounted cash flow forecasts. We did not identify any factors likely to globally call into question the reasonable nature of the assumptions used by Management as part of the impairment tests.

These assessments were made as part of our audit of the Company financial statements, considered as a whole, and therefore contributed to the opinion that we formed, as expressed in the first section of this report.

III - Specific verifications and information

We also performed the specific verifications required by French law, in accordance with the professional standards applicable in France.

We have no observations to make on the fairness of the information provided in the Board of Directors' Management Report and in the documents sent to the shareholders regarding the financial position and the Company financial statements, or on the consistency of such information with the Company financial statements.

We have checked the consistency of the information provided in accordance with Article L. 225-102-1 of the French Commercial Code on the remuneration and benefits paid to corporate officers, and on the commitments granted in their favour, with the financial statements or with the data used to prepare the financial statements and, where appropriate, with the information gathered by your Company from companies that control it or are controlled by it. We hereby confirm the accuracy and fair presentation of this information on the basis of this work.

In accordance with French law, we verified that the required information regarding the identity of the main holders of share capital and voting rights has been properly disclosed in the Management Report.

Fontaine-lès-Dijon and Paris La Défense, 20 May 2015

The Statutory Auditors,

RENART, GUION & ASSOCIES	Aurélie Trucy
MAZARS	Romain Maudry
	Dominique Muller

4. GOVERNANCE AND INTERNAL CONTROL

4.1 Chairman's report on corporate governance and internal control.

To the Shareholders,

Pursuant to the provisions of paragraph 6 of Article L. 225-37 of the French Commercial Code, we hereby account to you on the following matters at the end of this report, in accordance with Articles L. 225-100, L. 225-102, L. 225-102-1 and L. 223-26 of said Code:

- the adoption of the Corporate Governance Code;
- the composition of the Board of Directors, and the conditions for preparing and organising the work performed by your Board of Directors;
- the control and risk management procedures implemented by the Company;
- the limits that your Board has set on the powers of the Chief Executive Officer;
- the specific terms and conditions relating to the attendance of shareholders at General Meetings; and
- the principles and rules approved in order to determine the remuneration and benefits of any kind granted to corporate officers.

In addition, it is specified that the information provided for in Article L. 225-100-3 of the French Commercial Code regarding the factors likely to have an impact in the event of a public tender offer are set out in the Management Report for the financial year ended 31 December 2014.

4.1.1 Corporate Governance Code

With regard to corporate governance, the Company refers to the AFEP-MEDEF Corporate Governance Code, which may be consulted on the MEDEF website (www.medef.fr).

The Company is committed to implementing the AFEP-MEDEF recommendations. Accordingly, in 2014 the Company amended the internal rules that determine the guiding principles for the Company's operation and that of the special committees.

The following table gives details of the reasons for the Company's failure to apply certain recommendations in the AFEP-MEDEF Code on a provisional basis, while the other recommendations of the Code are duly complied with.

Recommendation	AFEP-MEDEF Code article	Reasons for failure to apply recommendation
Further information regarding the assessment of the Company's Board of Directors: - operating procedures of the Board of Directors - preparation and discussion of important issues - effective contribution of each member of the Board of Directors	Article 10.2	Article 4.2 of the internal rules of the Company's Board of Directors, updated by the Board of Directors on 10 October 2014, provides that "*once a year the Board will include an item on its agenda regarding a discussion of its operation". A formal assessment is carried out every three years. This review also implies a review of the special committees set up by the Board*". Owing to the redefinition of the Belvédère Group's organisational structure and the change in the governance system that occurred during the year, an assessment of the Board of Directors for the year 2014 could not be carried out. Accordingly, at its 28 April 2015 meeting the Board of Directors agreed to carry out a formal assessment during the year. An assessment of the Board of Directors will be carried out once a year following the 28 April 2015 Board of Directors meeting.

Regular meeting of non-executive directors to issue an assessment of the corporate officers' performance	Article 10.4	Jean-Noël Reynaud's performance as the Company's Chief Executive Officer is assessed by the Appointments and Remuneration Committee, in accordance with Article 6 of the Board of Directors' internal rules. Given Benoît Hérault's recent appointment as the Chairman of the Board of Directors, his performance was not assessed in 2014.
Information regarding directors' terms of office, including where such term exceeds four years	Article 14	Article 13 of the Company's Articles of Association provides for Directors to be appointed for a six-year term, in accordance with Article L. 225-18 of the French Commercial Code. As part of the overall restructuring of the Belvédère Group that has been carried out since 2014, the Company decided that it was in its interests to stabilise its management bodies and not to alter directors' terms of office.
Ownership of shares in the Company by Directors	Article 20	The independent directors on the Company's Board of Directors showed their support for the "2018 BiG Plan" by purchasing shares in the Company on 13 March 2015, in the following proportions: (i) Constance Benqué purchased 513 shares; (ii) Christine Mondollot purchased 412 shares; (iii) Benoît Hérault purchased 871 shares; and (iv) Benoît Ghiot purchased 1,000 shares. In addition, the following directors have stated that they currently hold the following number of shares: (i) Jacques Bourbousson: 2 shares; (ii) Mehdi Bouchaara: 25 shares; and (iii) Rita Maria Zniber: 1,300 shares. The Board of Directors also includes two non-independent directors (Rita Maria Zniber and Mehdi Bouchaara) as well as a permanent guest (Serge Heringer), appointed on the recommendation of the company Diana Holding.
Principles for determining the remuneration of corporate executive officers	Article 23.1	The principle of completeness whereby the remuneration of managers and corporate officers may be determined is not complied with, insofar as the variable portion of said remuneration is not mentioned.

4.1.2 Composition of the Board of Directors, and conditions for preparing and organising the work performed by your Board of Directors

Internal rules

The internal operation of the Board of Directors, including the organisation of the Board member information process and its relations with senior management, is governed by internal rules.

This report sets out the main features of these internal rules.

Composition of the Board of Directors

Your Board of Directors currently consists of seven members.

The following are members of the Board of Directors: Benoît Hérault since 30 September 2013 (Chairman), Constance Benqué since 30 September 2013, Christine Mondollot since 30 September 2013, Rita Maria Zniber since 16 September 2014, Mehdi Bouchaara since 24 October 2014, Jacques Bourbousson since 11 February 2013 and Benoît Ghiot since 16 September 2014.

In accordance with Article L. 225-102-1 of the French Commercial Code, the Management Report for the year ended 31 December 2014 provides a list of all offices held by the Board members.

Given the structure of your Company's share capital, at least 50% of the Board members must be independent directors.

To qualify as independent, a director must:

- Not be an employee or corporate officer of the Company or an employee or director of the parent company or a company consolidated by the Company and must not have held such status within the last five years;

- Not be a corporate officer of a company where the Company acts as a director either directly or indirectly, or where an employee appointed as such or as a corporate officer of the Company (currently or in the last five years) holds the office of director;

- Not be, either directly or indirectly, a customer, supplier, investment banker or corporate banker:
  - that is significant for the Company or its group,
  - or for which the Company or its group represents a significant portion of their business.

- Have no close family ties with a corporate officer;

- Not have been an auditor for the Company during the past five years;

- Not have been a director of the Company for over 12 years.

Despite being an executive corporate officer of the Company, the Chairman of the Board may be considered as independent provided that they do not hold the office of Chief Executive Officer and that the Company can justify their independence with reference to the aforementioned criteria.

There were five independent directors at the end of the 2014 financial year.

Lastly, the Company pays particular attention to gender parity on its Board of Directors. Accordingly, the Board of Directors comprised 43% women at the end of the 2014 financial year.

No Company director represents the employees.

Assessment of the Board

The internal rules, which were updated by the Board of Directors on 10 October 2014, provide that "once a year the Board will include an item on its agenda regarding a discussion of its operation". A formal assessment is carried out every three years. This review also implies a review of the special committees set up by the Board".

Owing to the redefinition of the Group's organisational structure and the change in the governance system during the year, an assessment of the Board of Directors could not be carried out for the 2014 financial year. Accordingly, at its meeting on 28 April 2015 the Board of Directors agreed to carry out a formal assessment during the current year.

Transparency rules

All Board members are required to be shareholders in the Company and to personally hold a relatively significant number of Company shares in view of the directors' fees that they receive. If they do not hold these shares when they take up their appointment, they must use their directors' fees to purchase them.

We hereby inform you that on 18 March 2015 the following directors stated that they had purchased shares in the Company on 13 March 2015:

- Benoît Hérault: 871 shares in the Company;
- Constance Benqué: 513 shares in the Company;
- Benoît Ghiot: 1,000 shares in the Company;
- CM Consulting, which is related to Christine Mondollot: 412 shares in the Company.

In addition, the following directors have stated that they currently hold the following number of shares:

- Jacques Bourbousson: 2 shares in the Company;
- Mehdi Bouchaara: 25 shares in the Company;
- Rita Maria Zniber: 1,300 shares in the Company.

The members of the Board of Directors are periodically informed of the provisions introduced by Article L. 621-18-2 of the French Monetary and Financial Code and by the articles that directly concern them under the French Financial Markets Authority's (AMF) General Regulation.

Accordingly, the directors must report to the AMF any transaction involving the purchase, disposal, subscription to or exchange of the Company's equity securities within a maximum period of five trading days following the transaction, as well as any transactions in related financial instruments. Besides the members of the Board of Directors, the Chief Executive Officer and the members of the Executive Committee, this requirement also applies to any private individuals and legal entities related to the aforementioned persons within the meaning of the regulations in force. Accordingly, it applies to transactions performed by a spouse, if the persons concerned are not legally separated, a partner bound by a civil partnership, their dependent children, any other relative who has shared the same address for over one year as at the date of the transaction, or any other legal entity whose management duties are performed by one of the aforementioned persons, or which is directly or indirectly controlled by such person, or which has been founded for their benefit, or where the majority of the financial benefits accrue to such person.

The directors must also familiarise themselves with the closed periods that apply to the Company's securities and with their obligations to the market, as set out in the regulations in force.

A director is required to inform the Board of Directors of any conflict of interest with the Company and its subsidiaries, even if such conflict is potential. The director shall abstain from voting on the corresponding resolution.

Directors must disclose their personal involvement in a transaction in which the Company is directly involved, or of which they have become aware in their capacity as a director, to the Board prior to the completion of that transaction.

Furthermore, directors shall refrain from trading in the Company's securities during the 30 calendar day period prior to the announcement of the annual and half-yearly results and during the 15 calendar day period prior to the quarterly results; trading may be resumed on the day after the public announcement of the results.

Frequency of meetings
Article 16 of the Company's Articles of Association provides that the Board of Directors shall meet as often as the Company's interests require.

The Board of Directors met 18 times during the financial year ended.

The dates of Board meetings, the main items on the agenda and directors' attendance during the 2014 financial year were as follows:

5 February 2014
- Authorisation of the signing of an amendment to the cash pooling agreement.

Attendance rate: 67%

18 February 2014
- Overview of the budget for 2014

Attendance rate: 83%

27 March 2014
- Appointment of Jean-Noël Reynaud as Chief Executive Officer, for an indefinite period, subject to his agreement;
- Retention of Krzysztof Trylinski as a director and Chairman of the Board of Directors;
- Separation of the roles of Chairman and Chief Executive Officer, subject to Jean-Noël Reynaud's acceptance of his appointment, from the effective date of his appointment.

Attendance rate: 100%

31 March 2014
- Acknowledgement of Jean-Noël Reynaud's acceptance of the position of Chief Executive Officer on 5 May 2014.

Attendance rate: 83%

17 April 2014
- Review of regulated agreements;
- Review of Q1 2014 sales results;

Attendance rate: 83%

29 April 2014
- Approval of the Company and consolidated financial statements for the year ended 31 December 2013;
- Approval of the management forecasts;
- Approval of the Chairman's report on internal control procedures;
- Approval of the Group's Management Report.

Attendance rate: 83%

15 May 2014
- Recording of a capital increase via the exercise of warrants;
- Approval of the agenda and draft resolutions to be submitted to the General Meeting of Shareholders;
- Convening of the shareholders to a Combined General Meeting on 25 June 2014.

Attendance rate: 83%

23 June 2014
- Preparation of the next General Meeting.

Attendance rate: 67%

25 June 2014
- Answers to written questions received from shareholders;
- Composition of the Strategy Committee.

Attendance rate: 100%

16 July 2014
- Convening of the shareholders to a Combined General Meeting on 16 September 2014, on the second invitation.

Attendance rate: 83%

28 July 2014
- Appointment of Benoît Hérault as Chairman of the Board of Directors to replace resigning Chairman Krzysztof Trylinski with effect from the end of the next General Meeting of Shareholders.

Attendance rate: 67%

28 August 2014
- Authorisation of the signing of an amendment to the cash pooling agreement.

Attendance rate: 67%

16 September 2014 (prior to the General Meeting of Shareholders)
- Appointment of Benoît Ghiot as a member of the Audit Committee, subject to his appointment as a director.

Attendance rate: 100%

16 September 2014 (during the adjournment of the General Meeting of Shareholders)
- Approval of Resolution A (inclusion of a new resolution requested by a shareholder) regarding the appointment of Rita Maria Zniber as director;
- Rejection of Resolutions B and C (inclusion of new resolutions requested by shareholders) regarding the appointment of Serge Heringer and Guillaume De Belair as directors.

Attendance rate: 100%

10 October 2014
- Merger of the Appointments Committee and Remuneration Committee into a single committee named the Appointments and Remuneration Committee;
- Updating of the Board of Directors' internal rules;
- Classification of Benoît Ghiot as an independent director.

Attendance rate: 100%

14 October 2014
- Preparations for the approval of the half-yearly financial statements and business report.

Attendance rate: 67%

24 October 2014
- Approval of the half-yearly financial statements and business report;
- Approval of the management forecasts;
- Co-option of Mehdi Bouchaara as director;
- Appointment of Serge Heringer as a permanent guest of the Board of Directors;

- Allocation of directors' fees;
- Appointment of the members of the Strategy Committee;
- Authorisation to enter into an escrow agreement with Jean-Noël Reynaud (assumption of GSC directors' unemployment insurance cover by the Company).

Attendance rate: 83%

<u>5 December 2014</u>
- Approval of the three-year 2018 BiG strategic plan;
- Approval of the regulated agreement with Jacques Bourbousson, director.

Attendance rate: 100%

Convening of the directors
The timetable for the Board meetings is determined by joint agreement, at the latest during the previous meeting. The Board members are then invited to each meeting via email, around eight days in advance.
The Statutory Auditors are invited to the Board meetings called to approve the half-yearly and annual financial statements.

Information provided to the directors
To enable all directors to perform their duties, take decisions in full knowledge of the facts and make an effective contribution to Board meetings, a comprehensive information package is sent to them prior to each meeting.
This package includes the documents required for them to understand the items on the agenda.
All director receive all information required to perform their duties and may ask to be sent any documents that they consider useful. The directors are informed continuously between Board meetings as required.
To that effect, every director may ask the Chairman or Chief Executive Officer, subject to sufficient advance notice, for any information required in order for them to make a useful contribution to the items on the Board agenda or for any other information that enables them to fulfil their assignment.
The directors may meet the Company's main executives in the absence of the executive corporate officers, but must inform the latter beforehand.
Every director may receive training on the Company's specific features, business lines and business sectors, as well as on their role as a director, at the Company's expense, if they consider it necessary.

Meetings
The meetings of the Board of Directors will be held at the Company's premises in Ivry. The Board may decide to hold one of its meetings at another location specified in the invitation on the recommendation of the Chairman and in accordance with the Company's Articles of Association.
Pursuant to Article L. 225-37 of the French Commercial Code, Article 16-II of the Articles of Association and Article 4.1 of the Board of Directors' internal rules, Board of Directors' meetings may be held using video-conference or telecommunications technology. However, voting by video-conference or via telecommunications technology is prohibited in the case of resolutions regarding the approval of the Company or consolidated financial statements and the appointment and dismissal of the Chairman of the Board of Directors, Chief Executive Officer and Deputy Chief Executive Officers.
Directors who take part in Board meetings via video-conference or telecommunications technology shall be considered present for the purpose of calculating quorum and majority, provided that such technology enables them to be identified and guarantees their effective participation in accordance with the technical specifications provided for by the regulations.
In 2014, the 5 February, 31 March, 16 July, 28 August and 24 October meetings were held using teleconference technology.

Persons invited to Board meetings
At its 24 October 2014 meeting, at the recommendation of the Appointments and Remuneration Committee, the Company's Board of Directors unanimously resolved to create a permanent non-voting guest position on the Board for Serge Heringer, in his capacity as the representative and expert of Diana Holding, in order for him to contribute his financial and banking expertise to Board meetings. Mr Heringer is also a permanent guest on the Audit Committee.

The Company's Chief Financial Officer attended eight Board meetings during the year and was given the opportunity to speak during discussions on the Company and consolidated financial statements and the Group's overall accounting and financial position.

Likewise, the Company's Chief Executive Officer attended fifteen Board meetings and was given the opportunity to speak during discussions on the Company's operations and outlook, the strategic guidelines to be followed and, more generally, on the Group's overall policy.

Lastly, a number of the Company's advisers and consultants were invited to Board meetings to answer any questions put by Board members.

Authorisation of regulated agreements by the Board of Directors

The Board of Directors authorised new or amended regulated agreements during the financial year ended. These agreements were audited by the Company's Statutory Auditors, who mention them in their special report.

Minutes of the meetings

The minutes of each Board meeting are drawn up at the end of each meeting. The draft minutes are sent to the directors together with the invitation to the next meeting, during which they are approved.

Committees set up within the Board of Directors

Two committees have been set up within the Board of Directors.

The Board of Directors determines the composition and duties of each Committee. These Committees are designed to facilitate the proper operation of the Board and make an effective contribution to the preparation of its decisions.

The Committees are responsible for reviewing issues submitted by the Board of Directors or its Chairman for such purpose, preparing the Board's work regarding these issues and reporting their findings to the Board in the form of reports, proposals, information and recommendations.

The Committees' role is strictly advisory. The Board of Directors decides at its own discretion on any follow-up measures that it intends to take in relation to the findings presented by the Committees. The directors are free to vote as they wish, without being bound by these reviews, investigations, reports and any recommendations issued by the Committees.

Any remuneration paid to Committee members is determined by the Board.

Audit Committee

Chairman: Benoît Ghiot

Members: Mehdi Bouchaara and Jacques Bourbousson

Number of independent members: 2

The purpose of this Committee is to help the Board of Directors monitor issues relating to the preparation and auditing of the accounting and financial information. The Committee reviews the financial statements and ensures the appropriateness and consistency of the accounting policies applied to the preparation of the Company's individual and consolidated financial statements. Notwithstanding the Board's powers, the Audit Committee is specifically responsible for monitoring:

i) the processes for preparing the financial reporting;
ii) the effectiveness of the internal control and risk management systems;
iii) the statutory audit of the Company and consolidated financial statements by the Statutory Auditors; and
iv) the independence of the Statutory Auditors.

The Audit Committee held 11 meetings in 2014, on 31 January, 11 March, 16 April, 14 May, 5 June, 3 July, 30 September, 6 October, 9 October, 22 October and 19 December, which were attended by the Statutory Auditors.

The attendance rate was 100%.

The main issues discussed during these meetings were as follows:

- Review of the half-yearly financial statements and the annual Company and consolidated financial statements, the Management Report and the notes to the financial statements;
- Assessment of the various internal control and audit tasks.

Appointments and Remuneration Committee

Chairwoman: Christine Mondollot

Members: Constance Benqué and Jacques Bourbousson
Number of independent members: 3

The role of the Appointments and Remuneration Committee is to:

- select, assess and propose to the Board candidates for the position of director, Chairman of the Board, Vice-Chairman and Chief Executive Officer to the Board, as well as candidates for membership and chairmanship of the Committees;
- draw up a succession plan for executive corporate officers, in order to be able to recommend succession solutions to the Board, including in the event of unforeseen vacancies;
- put forward recommendations and proposals to the Board regarding the following matters: remuneration, the pension and life insurance scheme, supplementary pensions, benefits in kind, the various financial entitlements of the Company's executive corporate officers, the allotment of bonus shares, performance shares and stock options;
- determine the procedures for setting the variable portion of the remuneration payable to the executive corporate officers, and monitor their application;
- recommend a general policy for allotting bonus shares, performance shares and stock options, and determine the frequency of such allotments depending on the categories of beneficiaries;
- review the system for allocating attendance fees among the Board members; and
- give its opinion to senior management regarding the remuneration of senior executives.

The Appointments and Remuneration Committee held five meetings during the 2014 financial year.

4.1.3 Internal control and risk management procedures

The French Financial Markets Authority (AMF) published a document entitled "Risk management and internal control procedures: frame of reference" in July 2010. The Company relies on this document with regard to its internal control system.

Definition of internal control

The internal control system consists of a series of resources, behaviours, procedures and actions implemented by the Company's senior management to enable the Company and its subsidiaries to improve their control over their business activities, to make their operations more efficient and to optimise their use of resources. The internal control system is not limited to a series of procedures or accounting and financial processes.
The primary aim of the system is to ensure:

- The application of the instructions and guidelines determined by senior management;
- The proper operation of the internal processes of the Company and its subsidiaries, including those aimed at protecting its assets;
- Compliance with laws and regulations;
- The reliability of the financial and accounting information.

In addition to issues that are directly related to the accounting system, the internal control system includes:

- the overall internal control environment, i.e. all the behaviours, levels of awareness and actions taken by Management (including the corporate governance process) concerning the internal control system and its importance within the entity;
- The control procedures, which refer to the policies and procedures determined by Management in order to achieve the entity's specific targets.

The internal control system is placed under the guidance of senior management.

Our internal control system applies across a wide scope, which includes controlled companies and subsidiaries whose business activities are likely to pose risks. The two priority measures aimed at strengthening the internal control system implemented in 2014 were as follows:

- an appropriate organisational structure; and
- the introduction of tools for monitoring operating performance.

This system is part of an approach aimed at identifying, assessing and managing the risks likely to affect the achievement of the Group's targets, regardless of whether those targets are of a strategic, operating, financial or reputational nature or are related to compliance with laws and regulations.

Like any system, no matter how well designed and well applied our internal control system is, it cannot provide an absolute guarantee regarding the achievement of the Group's targets and under no circumstances provides an absolute guarantee that the risks to which the Group is exposed will be fully eliminated under any circumstances.

- **Redefinition of the organisational structure of the Company and its subsidiaries**

The Group's business activities break down between production and marketing of wines and spirits. The Group has chosen an organisational structure divided between seven clusters, in order to encourage the operational efficiency, team responsiveness, the sharing of best practices and cross-divisional control over its operations.

- **A senior management team that meets the Group's strategic ambitions**

The Group's senior management team was strengthened following the arrival of Jean-Noël Reynaud as Chief Executive Officer and by the appointment of a Marketing Director, Purchasing Director and Industrial Director.

The Group has recorded the arrival of a Director of Human Resources and General Secretary since the beginning of 2015.

Accordingly, the Company has set up an Executive Committee responsible for implementing the 2018 BIG strategic plan[1] and for monitoring programmes that are considered to be priorities:

- Continuing to optimise working capital;

- Implementing a consistent and proactive sales policy based on Category Management;

- Reviewing the marketing positioning of the Group's brands;

- Generating significant synergies aimed at optimising the Group's efficiency and operating responsiveness while reducing the cost structure; Implementing industrial best practices and pooling the Group's purchases will be the first drivers of this area of improvement;

- Pooling know-how and expertise.

- **Strengthening the Finance Division**

The Company has boosted the resources of the Group Finance Division to enable it to deal with the preparation and assessment of the financial statements, controls on subsidiaries, management control, the processing of complex transactions and relations with external advisers. The Group Finance Division has added to its teams by:

- strengthening the consolidation unit;
- appointing a Group Management Controller;
- appointing a Group Treasurer;
- appointing a Deputy Finance Director;
- setting up an HR function at the head office.

- **Organisation and security of IT systems**

[1] 2018 Back in the Game

Local arrangements are made in order to ensure the continuous processing of accounting data. Accordingly, specific hardware is duplicated to act as an automatic back-up in the event of an unforeseen hardware failure. Regarding storage and protection of data, access to accounting and financial information is secured via authorisation granted to named individuals and using passwords. All data is backed up on a daily basis and a second back-up copy is stored in a secure location.

Internal control environment

The Company introduced guideline values based on excellence, openness, responsibility, innovation and team spirit during the financial year. These values were included in our "2018 Back in the Game" strategic plan, and must be used as guidelines by all our employees in their operating activities.

These values are reinforced by our corporate Business and Ethics Codes, which were adopted in January 2014. The members of the Executive Committee and the managing directors of our entities are responsible for implementing these codes in the operating activities.

The internal dissemination and disclosure of relevant information to all Group employees is based on four main priorities:

- Monthly performance reviews involving the subsidiaries' management teams and the members of the Executive Committee. These meetings provide an ideal opportunity for discussing risks and opportunities;
- Service meetings, the aim of which is to share operating information, review monthly performances, set priorities and determine action plans;
- The Group's website, which sets out key information; an overhaul of the website is planned for 2015;
- A centralised communications process enables Group Management to disseminate procedures and instructions to all of the clusters.

Risk management

The Group's organisational structure enables the management of the risks and opportunities relating to its business activities. This responsibility is applied at all hierarchical levels within the Company and its subsidiaries. All our employees have an influence on the internal control system, apply the processes in their area of responsibility and contribute to the risk management system.

The main participants involved in the processes of identifying, assessing and managing risks and opportunities are senior management, the Board of Directors, the Finance Division, the various committees and the Internal Audit department.

These participants rely on their experience to anticipate the risks and opportunities relating to trends in the wines and spirits sector. Risks are managed at the appropriate level of the organisation. They are set out in section "1.4 Risk Factors" of the 2014 Financial Report.

The main parties involved in managing the internal control system

- **Senior management and the Executive Committee**

The Executive Committee draws up the main principles of the internal control and risk management system, determines the roles and responsibilities of the main stakeholders, coordinates the implementation of those principles and ensures their effective implementation. The Company's senior management team provides its expertise and assistance to the various subsidiaries, taking specific local features into account.

- **Board of Directors**

The Company's Board of Directors is a collegiate body responsible for assisting senior management, helping to set the Group's strategic guidelines and overseeing their implementation and the proper operation of the Company and its subsidiaries.

The Board of Directors has introduced:

- internal rules, adopted on 25 April 2008 and amended and approved on 17 December 2013 and 10 October 2014;
- special committees: the Audit Committee and the Appointments and Remuneration Committee.

The Board of Directors familiarises itself with the main features of the internal control and risk management system selected and implemented by senior management, and sees that the major risks incurred by the Group are identified. In this regard, senior management informs the Board of developments in the Group's main risks and the related action plans.

With regard to the preparation of accounting and financial information, the Board checks that the guidance and control process introduced guarantees the reliability of the accounting and financial information.

- **Audit Committee**

The Audit Committee ensures the existence and application of the internal control procedures within the accounting, financial and other corporate functions.

It keeps itself informed of the major risks identified, their assessment and their development over time.

- **Internal Audit**

The Internal Audit department was founded in December 2013 at the initiative of the Audit Committee and the Board of Directors. Internal Audit reports to the Company's Chief Executive Officer and is involved with all Group entities. Its role is threefold:

- to coordinate the roll-out and implementation of the internal control system based on the guidelines issued by senior management,
- to provide methodological support to the subsidiaries in terms of internal control and specific financial and technical risks,
- to conduct its own assignments to supplement the external auditors' assignments.

The involvement of Internal Audit is planned in agreement with senior management. The assignments are selected in accordance with the risks identified by the governance bodies or by the Statutory Auditors.

The priority issues addressed by Internal Audit in 2014 were as follows:

- determining Group policies and monitoring their application at the subsidiaries;
- determining the Group reporting process;
- performing specific audits at the request of senior management;
- identifying best practices to apply within the Group;
- identifying business risk;
- monitoring action plans aimed at strengthening the internal control process within the Group.

The findings of the audit assignments are fed back to the management team of the entity concerned. A summary of those findings, together with the action plan to which the local entity's management team has committed, are then presented to senior management. The results of all the work are shared with the Statutory Auditors. Conversely, the comments made by external auditors as part of their checks are taken into consideration by Internal Audit.

Internal Audit plays an active role in monitoring the internal control system via operating audits and compliance audits. It ensures compliance with both local laws and regulations and the Group's principles and standards.

- **Finance Division**

The main role of the Finance Division is to assist and monitor the operating divisions with regard to their financial operations. The Division determines the rules regarding consolidation and financial control, and defines procedures and best practices in areas such as financial control, accounting and consolidation, financing and cash management, tax, financial reporting and IT systems.

The Finance Division oversees the accounting process and takes part in drawing up the annual accounting positions and statements.

For the preparation of the consolidated financial statements, the Company gathers the accounting information from the various entities in the consolidation scope using a consolidation and reporting software package.

Most Group subsidiaries (in Poland, France, Lithuania and Bulgaria) are included in this consolidation system, enabling decentralised entry of the consolidation returns.

Lastly, through their various audits, the Statutory Auditors perform the checks specific to their profession on the financial statements of the Company and the companies included in the consolidation scope.

The internal control projects launched in 2014

- **Raising the awareness of the subsidiaries' management**

Throughout 2014, Group senior management worked on raising awareness of the importance of internal control amongst the subsidiary management teams (meetings with the Managing Directors, internal control questionnaires, inclusion of the internal control process in performance measurement).

- **Introduction of structural documentation**

Good Conduct and Ethics Charters were drawn up. The purpose of these charters is to remind staff of the Group's expectations in terms of compliance with laws and regulations. The charters were disseminated throughout the Group in early 2014.

Draft internal control guidelines shared by the entire Group were introduced in late 2013. These guidelines are based on the AMF internal control guidelines.

The intra-Group cash flows within the Group's entities were documented at the Finance Division's initiative. The twofold goal was the management and optimisation of cash flows.

- **Introduction of a chart of accounts shared by all Group entities**

The aim of this project, which was launched in the first half of 2014, is to strengthen the consistency of and controls on the accounting and financial information fed back by the various Group entities.

- **Introduction of business reports and indicators**

The Finance Division introduced the following reports during the 2014 financial year:

- a scoreboard monitoring legal risk at each entity;
- a scoreboard monitoring contractual and off-balance sheet commitments made at each entity;
- a survey of delegations of authority.

These reports are reviewed by senior management, Internal Audit and the Statutory Auditors.

Preparation and processing of the accounting and financial information

The process of preparing the accounting and financial information is overseen and consolidated by the Group Finance Division.

The preparation and processing of the accounting and financial information is appropriate for the organisational structure of the Group and its subsidiaries.

Each subsidiary is responsible for forwarding monthly financial and operating performance indicators to the Company. This data is reviewed at meetings between local management and the Group Executive Committee.

- **The processes for feeding data into the financial statements**

All the processes that take place prior to the production of the financial statements are the subject of specific procedures and rules for approval, authorisation and recognition. Accordingly, procurement takes places within a totally secure framework including a list of pre-selected suppliers and terms negotiated in advance. Purchase orders are required for any purchases above a certain threshold, while capital expenditure projects approved by the Executive Committee must be duly documented, justified and authorised in order to be executed.

- **The year-end accounting and consolidated financial statement production processes**

The year-end accounting processes are subject to specific instructions that set out the detailed timetables, the exchange rates to be applied, the consolidation scopes and any particular points to follow. These instructions are sent to all the companies, thereby ensuring compliance with deadlines, use of the same year-end parameters and standardised data feedback.

Procedures for approving the various stages of the consolidation process have also been introduced. The main aim of these procedures is to approve the following points:

- The proper application of accounting standards and principles;
- The accurate restatement of specific social indicators;
- The identification, reconciliation and elimination of reciprocal transactions;
- The correct calculation of deferred tax;
- The proper assessment and explanation of the change in the Company's and consolidated group's net asset position.

The Group subsidiaries draw up statements on a monthly basis. The statements enable them to identify any specific and non-recurring transactions. Accordingly, the subsidiaries may ask for support from the Group Finance Division when dealing with exceptional or complex transactions.

The aim of this process is to facilitate the annual (and half-yearly) closing process for the consolidated financial statements.

- **Management reporting and control**

The reporting process is a key factor in the Group's internal management and control system.

The Group Finance Division has introduced various business reports required by senior management in order to manage its operating activities. The main business reports cover the following topics:

- 13-week cash position forecasts; and
- a monthly operating performance scoreboard.

The introduction of scoreboards has allowed standard feedback of information considered as key by the Group's subsidiaries.

The review processes within the Group have been strengthened. Operating and financial performances are reviewed at monthly meetings between the Company and subsidiary senior management teams.

These meetings rely on the various monitoring scoreboards introduced.

- **Data consolidation**

The Finance Division oversees the accounting process and takes part in drawing up the annual accounting positions and statements. The consolidated financial statements are produced on a half-yearly and annual basis.

Every half year, the Group consolidation department issues instructions setting down a timetable of tasks and recalling the procedures for preparing the consolidation returns. These instructions are sent to each subsidiary's accounting department or shared accounting service centre.

The Company prepares the consolidated financial statements and gathers the accounting information from the various entities in the consolidation scope using a consolidation and reporting software package.

Most Group subsidiaries (in Poland, France, Lithuania and Bulgaria) are included in this consolidation system, enabling decentralised entry of the consolidation returns.

The consolidated data is published, and therefore approved by the Statutory Auditors, every six months. Through their various audits, the Statutory Auditors perform the checks specific to their profession on the financial statements of the Company and the companies included in the consolidation scope.

4.1.4 Limitations on the Chief Executive Officer's powers

Article 18-I of the Articles of Association specifies that the general management of the Company is the responsibility of either the Chairman or another individual appointed from among or outside the directors by the Board of Directors, who carries the title of Chief Executive Officer.

The Company has decided to separate the roles of Chairman of the Board of Directors and Chief Executive Officer.

The Chief Executive Officer represents the Company in its dealings with third parties, and has full powers within the limits of the corporate purpose, subject to the powers expressly assigned by law to the general meeting.

The Chief Executive Officer may be dismissed at any time by the Board of Directors.

As an internal measure not enforceable on third parties, the Chief Executive Officer must ensure that he/she has the Board of Directors' consent for transactions that fall outside the framework of day-to-day management before committing the Company, and specifically for:

(i) any capital increase or issuance of shares or securities giving access to the Company's share capital, regardless of their nature, acting on a delegation of authority granted by the General Meeting of Shareholders, notwithstanding the Board's option to sub-delegate that authority to the Chief Executive Officer, or to the Deputy Chief Executive Officers, where applicable, as well as any issuance of securities in any of the subsidiaries for the benefit of a third party;

(ii) any financing for the benefit to the Company or one of its subsidiaries in an amount that exceeds (x) €5,000,000 for medium and short-term financing and (y) €2,000,000 for overdrafts, loans and short-term financing, or any higher threshold determined by the Board. For the purposes of this paragraph, the term "*financing*" refers to any of the following operations (except for cash pooling transactions, factoring and the choice of banks, which are the responsibility of senior management):

- (a) any borrowings;
- (b) any bond, debt security, promissory note, securitised loan or other similar instrument;
- (c) any finance lease or other agreement considered as a finance lease in accordance with international generally accepted accounting principles;
- (d) the purchase of any asset, insofar as the price is payable following the purchase or taking possession of that asset, if the price payment terms constitute a means of financing the purchase of the asset;
- (e) any security interest, compensation commitment or similar assurance covering the financial loss incurred by any person in relation to any factor mentioned above, except for contracts or agreements entered into in the normal course of business;
- (f) any other transaction that has the commercial effect of a liability (e.g. call or put options or other financial instruments);

(iii) any acquisition, sale, transfer, merger or joint venture by the Company or one of its subsidiaries for an enterprise value of over €1,500,000, or any measure aimed at disposing of an asset owned by the Company or one of its subsidiaries with a unit book value or a unit market value of over €1,500,000, provided that, in each case, with the exception of sales, transfers and similar disposals, the transaction involves existing businesses and regions in which the Company or the subsidiaries already operate;

(iv) setting up operations in any new territory, or launching a new business activity (except for the introduction of a new product, which is the responsibility of senior management);

(v) any proposal or payment of a dividend, or any other distribution of any kind to the

Company's shareholders;

(vi) any capital expenditure with a unit value of over €2,500,000;

(vii) any capital expenditure that results in exceeding the annual budget approved and/or amended by the Board;

(viii) the signing, amendment, cancellation or termination of a service provision agreement, a pension commitment, an employment contract with a corporate officer of the Company or one of its subsidiaries, or any agreement to their benefit, regardless of whether that benefit is direct or indirect, for an amount over €200,000, on the understanding that the term 'key employee' refers to any person whose gross annual remuneration exceeds €180,000;

(ix) any restructuring process involving the Company or any of its subsidiaries where the cost exceeds €1,500,000;

(x) the appointment of beneficiaries of plans involving stock options, bonus shares or other profit-sharing instruments, where the arrangements have been approved by the General Meeting of Shareholders, and any amendment to said schemes; the creation and implementation of any new stock option, bonus share or other profit-sharing instrument plans; and

(xi) the granting of any security interest, surety, endorsement or guarantee by the Company or any of its subsidiaries that exceeds the amount determined by the Board on an annual basis or that exceeds an annual amount of €1,000,000 if no annual amount has been determined.

Furthermore, the Chief Executive Officer has set up an Executive Committee, the composition of which has been submitted to the Supervisory Board for approval. The role of this Executive Committee is to provide continuous assistance to the Chief Executive Officer from an operating standpoint, in terms of both taking and implementing decisions.

4.1.5 Special terms and conditions regarding shareholder attendance at General Meetings

The terms and conditions relating to the attendance of shareholders at General Meetings are set out in Articles 9, 11, 12 and 25 to 30 of the Company's Articles of Association.

4.1.6 Principles and rules for determining the remuneration and benefits awarded to corporate officers

The Board of Directors allocates attendance fees to the directors within the overall limit approved by the General Meeting of Shareholders and on the recommendation of its Appointments and Remuneration Committee. The Board may allocate an additional amount of attendance fees, without exceeding the aforementioned limit, to directors who are members of the special committees in accordance with the time they spend on these committees.

The 16 September 2014 General Meeting of Shareholders set the amount of attendance fees to be divided between the directors for the current financial year at four hundred and forty-five thousand euros (€445,000).

At its meeting on 24 October 2014, the Board of Directors decided to allocate the attendance fees awarded by the General Meeting as follows:

- €100,000 to the Chairman of the Board of Directors;
- €45,000 each to all directors except the Chairman of the Board of Directors;
- €25,000 to each Committee Chairman.

The unallocated attendance fees for the 2014 financial year amounted to €25,000.

The Management Report sets out the remuneration paid to each director, on the understanding that no director has ever held or holds an employment contract with the Company or with any affiliated company.

The Chairman of the Board of Directors

4.2 Statutory Auditors' Report on the Chairman's report on Corporate Governance and Internal Control

To the Shareholders,

In our capacity as Statutory Auditors to Belvédère SA, and pursuant to the provisions of Article L. 225-235 of the French Commercial Code, we hereby submit our report on the report prepared by the Chairman of your Company in accordance with the provisions of Article L. 225-37 of said Code for the financial year ended 31 December 2014.

It is the Chairman's responsibility to prepare a report on the internal control and risk management procedures implemented at the Company, including the other information required under Article L. 225-37 of the French Commercial Code regarding, in particular, the corporate governance system, and to submit this report to the Board of Directors for approval.

It is our responsibility:

- to inform you of our comments on the information contained in the Chairman's report regarding the internal control and risk management procedures relating to the preparation and processing of accounting and financial information; and

- to confirm that the report contains the additional information required by Article L. 225-37 of the French Commercial Code, on the understanding that it is not our responsibility to check the fairness of this additional information.

We conducted our work in accordance with professional standards applicable in France.

Information regarding the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

Professional standards require that we perform checks aimed at assessing the fairness of the information regarding the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the Chairman's report.

These checks specifically consist in:
- familiarising ourselves with the internal control and risk management procedures for the compilation and processing of the accounting and financial information underlying the information presented in the Chairman's report as well as the existing documentation;
- familiarising ourselves with the work that enabled the existing information and documentation to be prepared;
- determining whether the material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly disclosed in the Chairman's report.

In our reports on the prior financial years, we expressed a qualification regarding shortfalls relating to the organisation and operation of the accounting and financial procedures forming part of the Belvédère Group's internal control system. This situation was specifically liable to affect the process of fully identifying the commitments entered into by the Group and the accurate reporting of those commitments in the accounting and financial information published. The paragraph on "Risk management and internal control procedure" in the Chairman's report describes the work undertaken in order to strengthen the organisational structure and the procedures forming part of the internal control system. This information remedies the shortfalls that led us to express a qualification in our reports on the previous financial years.

On the basis of our work, we have no matters to report on the information provided regarding the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report by the Chairman of the Board of Directors prepared pursuant to the provisions of Article L. 225-37 of the French Commercial Code.

Other information

We hereby confirm that the report prepared by the Chairman of the Board of Directors includes the other information required by Article L. 225-37 of the French Commercial Code.

Fontaine-lès-Dijon and Paris La Défense, 20 May 2015

The Statutory Auditors,

R E N A R T , G U I O N & A S S O C I E S	Aurélie Trucy
M A Z A R S	Romain Maudry
	Dominique Muller

5. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY REPORT

5.1 Information regarding staff and environmental information and social commitments to sustainable development

Article 225 of the French Act of 12 July 2010, known as the Grenelle 2 Act, as amended by the Act of 22 March 2012, amends the French "New Economic Regulations" (NRE) Act and introduces provisions regarding the publication of information on corporate social responsibility (CSR).

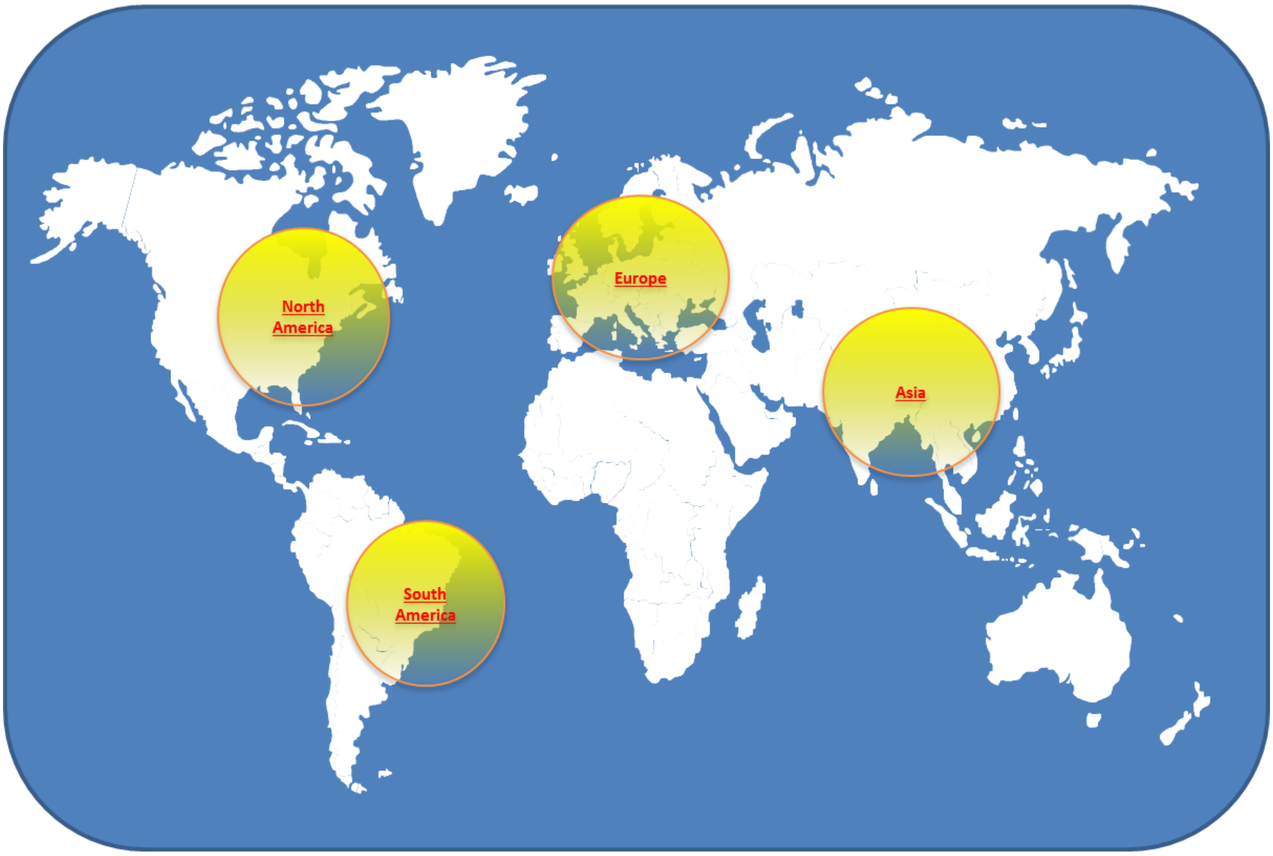
The Act was supplemented by two implementing decrees, which have been included in the French Commercial Code:

- the Decree of 24 April 2012, which sets out the application thresholds for the Act and lists the information to be provided;

- the Decree of 13 May 2013, which specifies the procedures whereby the independent third-party body performs its verification assignment.

5.1.1 Belvédère worldwide

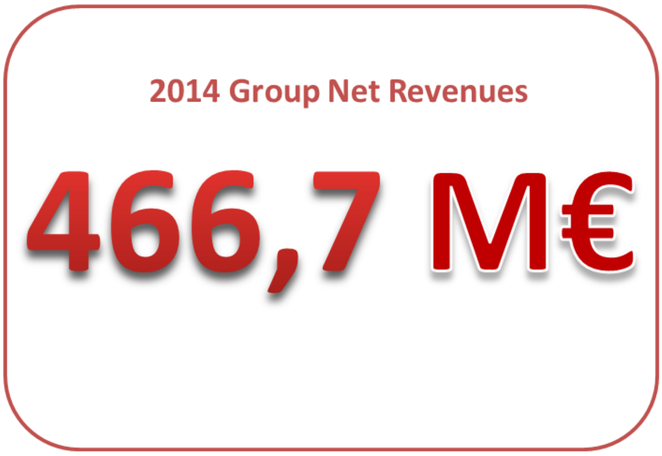
The Belvédère Group is one of the global operators on the wines and spirits market, covering both Europe and the United States with strong local operations. The Group is building up a valuable portfolio of spirits brands, which include Sobieski, William Peel and Marie Brizard.

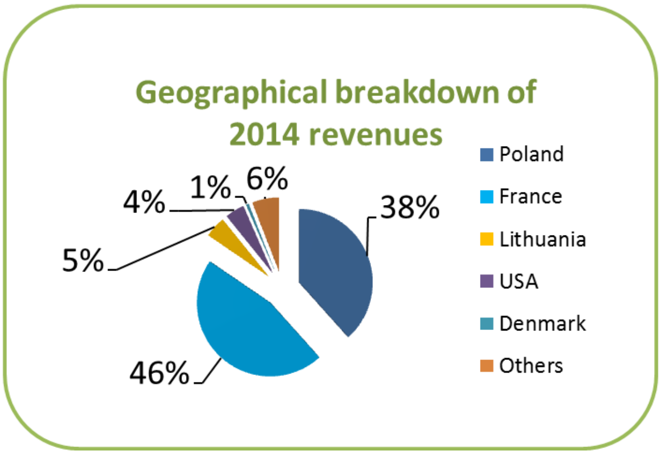


The Belvédère Group is sensitive to its constantly changing markets, to global diversity, to the rules and customs specific to each region, and to the rapid change in the global political and economic environment.

The Belvédère Group's employees contribute to the international expansion of its businesses while respecting the culture, customs and history of each country, as well as national, regional and international laws and regulations.

5.1.2 Belvédère: key Group data:





5.1.3 Our mission statement:

"We deliver value by providing our customers and consumers with trustworthy, bold and flavorful brands"

5.1.4 Our values

"A series of values and principles that guide the practices of the "new Belvédère"

Value	Purpose	Principles
Excellence	Deliver the best quality to strengthen customer satisfaction	▪ We are committed to customer satisfaction ▪ We implement world class management practices ▪ We strive to do things correctly and successfully the first time
People and Stakeholders orientation	Grow our skills and foster constructive behaviors	▪ We are responsible for managing human resources, motivation and team work ▪ We communicate internally and externally in an open manner ▪ We empower employees to take decisions in their scope of work
Accountability	Adopt a cost conscious and accountable mindset to assert our credibility	▪ Teams are measured against specific, achievable but challenging commitments ▪ Simplicity and cost efficiency are the driving forces of our day to day activities.
Innovation	Think out of the box and act pro-actively to be ahead of competition	▪ Our attitude towards internal ideas and initiatives is positive and constructive ▪ No sacred cows can block or slow down our progress

5.1.5 Our strategy

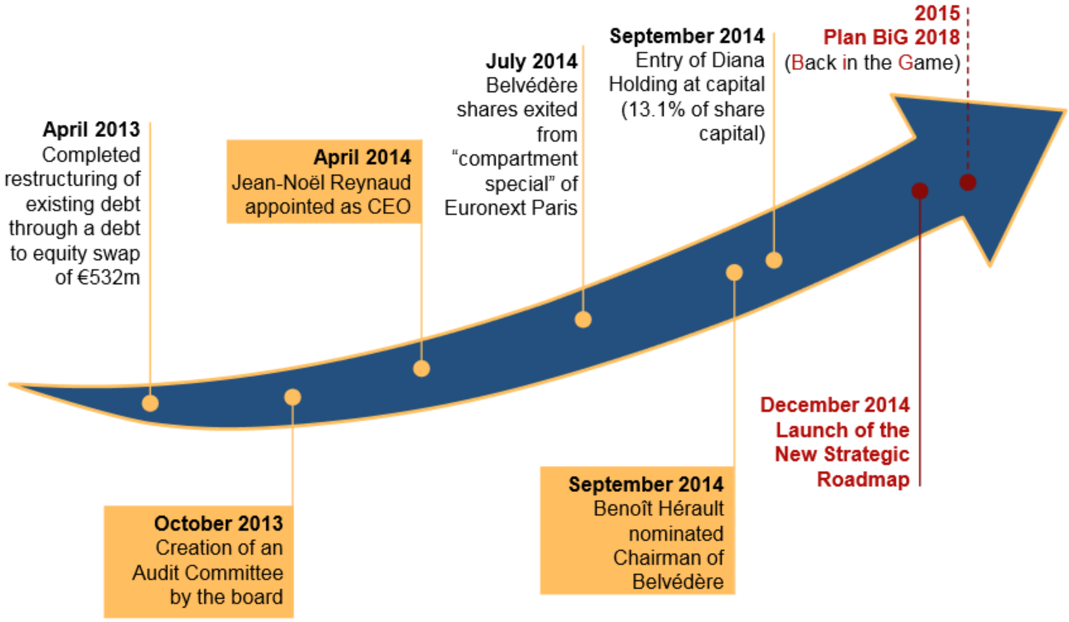
Our aim is to become a major player in the wines and spirits sector. This ambition is reflected in our "Back in the Game 2018"[2] strategic plan. The Belvédère Group wants to work in a manner that is respectful of sustainable development and people.

A renewed governance process

The Board of Directors, which is chaired by Benoît Hérault, primarily consists of independent members with complementary expertise who are able to drive Belvédère's growth.

The Board of Directors appointed Jean-Noel Reynaud as Chief Executive Officer of the Belvédère Group in April 2014. Mr Reynaud's priorities in 2014 were to set up a management team and to encourage an integrated and properly calibrated operating process in order to determine and successfully implement the 2018 BiG strategic plan over the coming years.

[2] 2018 BIG



A sound financial position

The Belvédère Group has reduced its debt and reported an underlying operating profit in 2013, even before the introduction of the first good management initiatives decided in 2014.

Buoyed by strong brands with strong multi-regional roots, Belvédère is positioning itself as the main challenger on the wine and spirits market; the Group's ambitious development is based on four priorities:

- Vodka, primarily with Sobieski and Krupnik;
- William Peel on the Scotch whisky market;
- Marie Brizard, with recognised expertise since 1755, on the spirits market;
- Fruits & Wine on the flavoured wine-based beverages market.

Back in the Game 2018

5.1.6 Scope of the report

Given the nature of the Belvédère Group, it is necessary to organise a "variable-geometry" scope depending on the subject of the indicators.

Where applicable, it is accepted that companies joining the Group in Year N on or after 1 January are not included in the scope of this report. These companies will follow non-financial reporting procedures from Year N+1.

The entities included within the scope of the 2014 CSR[3] report form part of the Belvédère Group's financial scope and are fully consolidated within the Group's scope.

The subsidiaries were included in the scope in a manner that is consistent with the size of the aggregate headcount based on the dual activity criterion (production and marketing), i.e. 83% of the Belvédère Group's employees in 2014 divided between Poland[4], France (excluding the holding company), Spain, the Baltic states and Brazil.

It is worth noting that the environmental data only concerns production facilities and excludes facilities exclusively devoted to sales and marketing.

5.1.7 Ethics and exemplarity

Business ethics and exemplarity are the guidelines of our governance process, and the framework for our social and environmental responsibility policy. The members of the Executive Committee and the country Managing Directors are responsible for implementing them in the operating activities.

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[3] Report on Corporate Social Responsibility

[4] Only the six largest entities in terms of headcount were included in the 2014 CSR scope.

1. Business and Ethics Codes

Our Business and Ethics Codes were adopted in January 2014. These codes set out the basic principles that every employee must comply with when acting on behalf of the Group. Each one of us is responsible for applying the codes when performing our duties.

Our Business Code specifies that the Belvédère Group has a zero tolerance policy in terms of breaches of human rights

2. Compliance with laws and regulations in force

We pay particular attention to the concept of citizenship. The Belvédère Group condemns any illegal, criminal or morally unacceptable act, and takes rapid and appropriate measures against such acts.

The Belvédère Group is committed to complying with the laws in force and takes appropriate measures to handle any illegal or criminal act or any act that breaches the Group's rules and policies.

No exception to this commitment will be tolerated, regardless of whether an illegal act is motivated "by Group interests", "by Client interests" or committed on the instructions of a line manager.

Compliance with laws and regulations (including fair business practices) is a principle:

- expressed by the Belvédère Group in its Business Code,
- reflected in the business reviews performed by senior management and/or by Internal Audit whenever necessary.

3. Customer satisfaction

The Belvédère Group complies with the principles of free trade and arm's length dealing. An ambitious marketing strategy has been introduced in order to achieve customer satisfaction.

The Group develops products that meet customers' expectations, based on the concept of "customer satisfaction". Likewise, the marketing and sales strategy offers attractive products that meet customers' various requirements.

We take care to protect and inform our existing and prospective customers.

4. Alcohol in society

Millions of consumers value our products. We therefore wish to play a positive role in the wines and spirits industry.

Relationships with alcohol differ depending on individuals, cultures, communities and countries. Some people have made the choice not to consume alcohol. The Belvédère Group respects that choice.

We acknowledge that some individuals must not consume alcohol, such as minors and people with a serious medical condition.

We strongly condemn the excessive consumption of alcohol. Alcohol abuse is a major concern for a Group such as ours. Such behaviour harms the reputation of our high-quality products and the image of our consumers.

The Belvédère Group encourages the reasonable consumption of alcohol via highly targeted communications.

Furthermore, consumers identified as sensitive are provided with information specifically intended for them, such as the pregnant woman logo on alcohol bottles and the details of allergenic substances listed on the back label for allergy sufferers.

FOCUS

Dubar, our Brazilian subsidiary, which is a member of the Abrabe organisation[5], promotes the reasonable consumption of alcohol and seeks to prevent drink-driving (communications via the company's website, in bars and restaurants, on the radio, social networks, etc.). 13 advertisements were broadcast on YouTube (80,000 views) in February 2014.

[5] Associação Brasileira de Bebidas

5. Adhesion to the fundamental ILO conventions

All Belvédère Group subsidiaries comply with the fundamental ILO[6] conventions, which specifically cover freedom of association and the right to collective bargaining[7], the prevention of discrimination in terms of employment and profession[8], the prevention of forced or mandatory labour[9] and the effective abolition of child labour[10].

5.1.8 Our social role

1. Our employees are our main asset

We want our employees to achieve their full potential. Accordingly, we aim to create a stimulating and friendly atmosphere and a safe working environment.

Innovating, fostering dialogue, developing talent and ensuring employee safety are priority issues. **Our employees are our most precious asset.** They are our Group's DNA and embody the spirit of innovation on which the Belvédère Group was built.

We want our employees to buy in to our strategy and values. Accordingly, our employees' commitment to the Company's goals and values has enabled the Group to face the troubled environment of the past few years.

The Group is proud to be an employer that gives everyone the same opportunities and that encourages its employees to share their ideas and thus contribute to the Group's development as part of an ongoing improvement process.

We are moving forward to achieve our targets together.

Headcount	France	Spain	Poland	Baltic states	Brazil	Total 2014 CSR scope*
Total year-end headcount	453	75	1,279	251	20	2,078

*2,493 employees work at the Belvédère Group.

Breakdown of headcount by age group	France	Spain	Poland	Baltic states	Brazil	Total 2014 CSR scope
Under 25 years	15	1	29	16	0	61
25-34 years	94	9	379	69	5	556
35-44 years	117	24	413	79	4	637
45-54 years	153	28	291	60	6	538
Employees aged over 55	74	13	167	27	5	286

[6] International Labour Organisation
[7] See the Chapter on "Our social role", Point 3.
[8] See the Chapter on "Our social role", Point 4.
[9] See Belvédère Group Business and Ethics Codes
[10] See the Chapter on "Our social role", Point 1.

Breakdown of headcount by gender	France	Spain	Poland	Baltic states	Brazil	Total 2014 CSR scope
Women	171	25	414	109	6	725
Men	282	50	865	142	14	1,353

2. Our employees' working environment

One of the Belvédère Group's priorities is to ensure the conditions for our employees' health and safety in the workplace. All Belvédère Group companies comply with the conditions for health and safety in the workplace. Health and safety training accounted for 34% of the training hours followed in 2014.

Overtime is only used in emergency situations, and working hours are customised for parents of young children (remote working or adjusted working hours for women who have chosen to breastfeed their children).

FOCUS

Our Dubar subsidiary has invested in training and equipment in order to promote safety in the workplace. We comply with Brazilian standards NR-35 for working at heights, NR-12 on machines and equipment, and NR-17 on ergonomics.

3. Dialogue with our employees

Talented individuals work at all levels of the Group's organisational structure and must find ways of working together so that overall performance targets are achieved. The search for such synergies forms part of the framework of employee dialogue.

Belvédère establishes an in-depth dialogue with its staff representatives.

This dialogue includes discussions, consultation processes, negotiations and joint initiatives undertaken by staff representative organisations.

FOCUS

The Group's senior management received very positive feedback when it presented the 2018 BIG strategic plan to our employees and staff representative organisations. This shared experience is representative of the dialogue-based approach favoured by senior management.

Communicating with our employees is one of our Group's priorities.

4. Equal treatment

In terms of employment law, all Belvédère Group subsidiaries comply with statutory provisions relating to gender equality, the employment and social integration of disabled people and the prevention of discrimination.

Furthermore, the Belvédère Group set down the values to which it is committed by working on the publication of the Group's Business Code and Ethics Code in 2013. The codes were circulated to all Group companies in 2014.

5. Enhancing our employees' skills

Developing our employees is an investment and major growth driver. We need to support our employees so as to achieve our ambitions and strategic goals.

All Belvédère Group subsidiaries work on training their employees and pay particular attention to quality and security.

Over 10,000 hours were dedicated to training, 34% of which were entirely dedicated to health and safety across the 2014 CSR scope.

5.1.9 Our environmental role

1. Overall environmental policy

With regard to environmental protection, the Group has focused its attention on four priorities.

Priority 1 – Respect for the environment

Each subsidiary manages its environmental policy on a local basis, depending on its business activities and local laws and regulations. The subsidiaries have the necessary administrative authorisations and have taken out the mandatory insurance for their business activities.

FOCUS

The Brazilian CETESB[11] organisation checks the compliance of the operating process with current environmental regulations and grants an operating licence that is valid for two years. The most recent certification dates from 5 February 2014.

The Belvédère Group takes measures to prevent environmental risk and pollution.

All Belvédère Group subsidiaries are committed to acting in compliance with the laws and raising employee awareness about environmental issues.

[11] Companhia Ambiental do Estado de São Paulo

FOCUS

Our Polmos Lancut plant in Poland regularly provides environmental protection training sessions for all employees and specific safety training for plant workers, prompted by the directives issued by the Polish Training Ministry via BEHAPEK, an external company based in Rzeszów.

In addition, employees who are directly involved in the production process must attend an internal training course in accordance with the ISO[12] and HACCP[13] procedures every year. The training course focuses on reducing the adverse impact of the production process on the environment by sorting waste, reducing noise pollution, etc.

Priority 2 – Focus on water and energy consumption

Water is fundamental for the life of individuals, families and local economies. It is also fundamental to our Company's long-term future. Water management is a high priority. Initiatives aimed at managing and reducing the consumption of water and energy have been reviewed at all the production facilities. The facilities' water consumption is monitored and assessed in order to avoid overruns. Attention is also paid to monitoring industrial waste water discharges in order to minimise their impact on the environment.

Energy consumption is also monitored and improvements sought.

FOCUS

An online conductimeter was installed at our Fondaudège facility in 2014. This enabled us to improve the way the rinse water flows into the waste water reception tank. This water is then sent to a treatment centre.

The historic drought in the State of São Paulo in 2014 led us to review the water used in the production process on a local basis. Besides other measures, Dubar, our Brazilian subsidiary, began recovering the water from its cooling tower, using specific tanks for each product (less washing) and adjusting and improving the rinser.

Priority 3 – The waste management policy

A large amount of Group waste, including glass and cardboard boxes, is recyclable. We have looked at improvements in the following areas:

- waste sorting;
- monitoring waste;
- using (nearby and approved) recycling outlets for all the waste amounts in question.

[12] International Organization for Standardization
[13] Hazard Analysis Critical Control Point

Priority 4 – Partnerships with Group suppliers

We seek to raise our suppliers' awareness of protecting the environment.

FOCUS

A "sustainable development" questionnaire has been sent to the main suppliers of the Marie Brizard Group[14], with a view to drawing up a summary of those suppliers' practices from an environmental standpoint.

Moncigale prioritises local suppliers that apply environment-friendly principles.

2. Pollution and waste management

The Belvédère Group is aware of the impact of its activities on the environment and implements processes aimed at preventing its activities from having an adverse impact on the atmosphere, water and soil. In addition, the Belvédère Group's subsidiaries have the authorisations required for their operations. The Belvédère Group seeks to prevent environmental risks on a preventive basis.

A water quality monitoring programme has been introduced at the production facilities.

FOCUS

At our Fondaudège facility, weekly water analyses are performed and reported to the DREAL[15] and to Lyonnaise des Eaux. The related pollution coefficient is monitored on a monthly basis. Furthermore, some of the most polluted water is separated and processed at an external waste water treatment plant, in order to comply with regulations. To prevent any risk of pollution in the event of a major leak, our Fondaudège facility is technically capable of shutting itself off from the public network.

At our Lormont facility, we monitor the quantitative and qualitative parameters of water discharges, including outflows from the waste water treatment plant.

In addition to a waste sorting policy implemented at the various subsidiaries, the Belvédère Group ensures that waste is managed in compliance with local laws and regulations.

In the more specific case of industrial waste, the subsidiaries have signed agreements with specialised sub-contractors authorised to collect, transport and treat industrial waste.

In the case of recyclable materials, the Group systematically looks for recovery outlets in order to reduce the amount of waste.

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[14] MBRI

[15] Regional environment, development and housing departments

FOCUS

Our Cognac Gautier facility, which is located in the city centre, limits its impact and remains ICPE[16] classified and therefore subject to authorisation. Apart from the regulatory aspects, we are committed to sorting our waste and to ensuring its recovery through approved outlets.

3. Noise and other forms of pollution

The Belvédère Group has not identified any noise or light nuisance that exceeds current standards or incurred any administrative sanctions relating to this issue. However, the Group remains vigilant, and complies with local regulations and special restrictions.

In France, the noise pollution standards determined by the DREAL are complied with. Ear plugs have been provided to all production employees.

4. Sustainable use of resources

The Belvédère Group monitors the rational use of the raw materials required for its business activities. Initiatives are implemented to reduce the consumption of raw materials.

[16] Facilities classified for environmental protection in France

FOCUS

In Brazil, Dubar uses a cardboard box made from recycled sugar cane to package its products.

An initiative to reduce the weight of bottles involving William Peel began at the MBRI Group in 2009. We extended this best practice to our Sir Pitterson bottles in 2014. This initiative enabled us to save 4,665.39 tonnes of glass during the year.

In France, we mostly use recycled glass bottles in our production process, since:

- Glass is 100% recyclable. 7 out of 10 bottles are now recycled.
- Glass can be melted down over and over again in order to manufacture new glass bottles, with no loss of material, quality or transparency.

Recycling glass enables us:

- to save energy. A 10% increase in recycled glass in order to replace virgin raw materials enables an energy saving of 3%;
- to limit CO_2 emissions. One tonne of recycled glass saves over 500 kg of CO_2;
- to reduce the use of raw materials. We save 1.2 kg of virgin raw materials for every tonne of cullet used to replace raw materials.
- to optimise our logistics process, and so minimise our transport-related carbon footprint. The recycled glass comes from local collection points that are close to the glass manufacturing plants;
- to extract maximum value from the glass collected before it is sent to landfill or incinerated.

Furthermore, managing the main sources of energy used at the Belvédère Group is vital.

The main types of energy used by the Group are:

- electricity,
- heating oil,
- natural gas and diesel,
- propane,
- coal.

The consumption of these types of energy during 2014 is set out in the "Key Indicators" appendix. They represent the main source of the CO_2 emissions generated by the Group in 2014 (which have not been quantified to date).

Renewable energy is consumed via the energy packages in the countries where we use electricity. We have no specific renewable energy supplies.

The Belvédère Group entities try to limit their energy consumption, where possible.

FOCUS

To reduce its energy consumption during 2014, our Cognac Gautier subsidiary:

- installed LED lighting outside and inside the building;
- changed the heating system used in the production process.

Given its subsidiaries' operating locations, the Belvédère Group has not identified any specific risk to the natural water resources used.

Water consumption is proportional to production and may also be used for technical purposes (e.g. cooling systems). Around 523,604 m³ of water was consumed in 2014.

The Belvédère Group takes care not to cause any chronic or accidental soil pollution at all the facilities that it operates, by ensuring proper storage and usage conditions for its raw materials and by managing rain water and the discharges generated during rain water treatment processes.

FOCUS

Our Mongicale subsidiary and its main transportation company have launched an initiative aimed at raising awareness of biodiversity. 80% of the transportation company's vehicle fleet meets the Euro 6 standard, which is the latest emission standard to be issued.

The Marie Brizard Group drew up an inventory of direct and indirect greenhouse gas emissions generated by its plants in 2011. The purpose of this report was twofold:

- to identify the main emission sources (alcohol, sugar and glass bottles);
- to plan possible short, medium and long-term reductions.

A review was performed following the greenhouse gas emission report, primarily on packaging, which is one of the main sources of greenhouse gas emissions. Accordingly, eco-design initiatives, such as reducing the weight of some bottles, were initiated with some of our suppliers.

The gradual reduction in the weight of bottles representing the largest sales volumes enabled a reduction in the number of supply trucks and the optimisation of the finished product pallet-packing process.

5. Climate change and biodiversity

Climate change and the resulting potential regulatory changes are a challenge in terms of procurement and protecting the production process against weather phenomena.

FOCUS

In France, audits at our suppliers are performed according to a determined annual timetable. The social and environmental aspects are reviewed.

A statement certifying the compliance of their packaging with the French Environment Code is completed by all our dry goods suppliers.

Furthermore, a sustainable development questionnaire is sent to MBRI's suppliers, in order to encourage them to use organic farming and to protect the environment. This measure to raise supplier awareness, primarily concerning the protection of biodiversity via organic farming, is a best practice that needs to be extended to the whole Group.

5.1.10 Our social role

Driven by its determination to preserve the Earth's resources and to protect biodiversity, the Belvédère Group seeks to produce environmentally-friendly products and to design the appropriate processes.

1. Regional, economic and social impact of the Company's activities:

The entire Belvédère Group prioritises local candidates for every type of position.

In Lithuania, our "AB Vilnius Degtiné" subsidiary is one of the 15 leading contributors to employment in Lithuania on a national basis.

In Poland, our Sobieski Trade subsidiary is involved in the economic development of the Witkowo district by creating and maintaining a large number of jobs.

Likewise, the Polmos Lancut plant is a major employer in Vovoida province in the Lower Carpathian region, which has a high unemployment rate. The plant impacts local trade and company start-ups by encouraging employment via the purchase of raw materials and components.

The Belvédère Group aspires to have a social impact via corporate sponsorship campaigns. This ambition, which was stated in 2014, was illustrated by our involvement in an event showcasing the Thracian civilisation in Sofia and Paris in 2015.

Our subsidiaries in France support several local voluntary organisations.

2. Relations with stakeholders affected by the Company's business activities

In France, MBRI[17] has entered into a partnership with a work-based assistance service institution near Bordeaux, in order to sub-contract certain joint packing operations.

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[17] Marie Brizard & Roger International

Our Fondaudège production facility employs a team of disabled persons on-site as part of this partnership. This team, which is managed by a workshop supervisor, performs various joint packing assignments (affixing stickers and tax stamps, pallet re-packing, etc.)

This kind of professional inclusion enables these individuals to find out about working in a normal environment. We also take on students as interns on a regular basis.

3. Sub-contracting and suppliers

Our relations with suppliers and sub-contractors are based on respect for the values expressed in the Belvédère Group's Business Code. Generally speaking, when sub-contractors are used, Management ensures proper compliance with the laws and sees that sub-contractors consider the impact of their actions on the environment and employee relations.

FOCUS

In France, the MBRI production facilities use suppliers who:

- refer to the directives relating to social and environmental protection;
- work in compliance with the laws, especially with regard to environmental protection.

Suppliers and sub-contractors must implement a socially responsible policy with regard to the environment.

For example, Moncigale advises its wine suppliers to use sensible farming methods, in order to limit discharges into the soil and water courses. The Company supports reducing the use of insecticides in vineyards.

4. Consumer food safety

The Belvédère Group develops its products with a view to constantly exceeding customer expectations. Our guideline is to offer our clients and consumers reliable, bold and flavoursome brands.

Offering high-quality products involves complying with the hygiene and health standards in the wines and spirits sector. Our customers' safety is not only a priority - it is also a duty.

All the production facilities in France, Lithuania and Poland are ISO 9001 certified and have adopted an HACCP[18] approach.

[18] Hazard Analysis Critical Control Point

FOCUS

In 2014, our Moncigale subsidiary successfully obtained ISO 9001 Version 2008, IFS[19] Version 6 Higher Level, BRC[20] Version 6 Grade B and ECOCERT certifications (including an organic certification for Fruits & Wine).

The Marie Brizard Group has specifically identified the following three Critical Control Points (or "CCPs") as part of its hazard assessment method:

1. CCP1 - filtration (hazard of foreign bodies): overseeing the effectiveness of the filtration system by monitoring the pressure difference ;
2. CCP2 - blow moulding (hazard of foreign bodies): overseeing the operation of the blower by monitoring the air pressure;
3. CCP3 - pasteurisation of syrups (micro-biological hazard): overseeing pasteurisation levels by monitoring product temperature.

The CCPs in place enable a hazard to be eliminated or reduced. These essential stages in the production process are monitored according to stringent procedures.

5.1.11 Appendices – Reporting methods

Reporting standards

The non-financial reporting protocol describes the procedure for reporting the Belvédère Group's environmental, staff and social indicators in respect of its two business areas, i.e.

- production;
- marketing of wines and spirits.

This document also constitutes:

- an internal benchmark for individual contributors;
- a benchmark for external data verification.

The Belvédère Group has drawn up its CSR reporting protocol in accordance with the information identified in Article 225 of the Grenelle 2 Act of 12 July 2010 and its implementing decree dated 24 April 2012.

This document will be reviewed on an annual basis as part of an ongoing improvement approach, depending on:

- changes in the Belvédère Group reporting process;
- feedback.

The environmental data is gathered from each business activity and consolidated at Group level. The rules for determining the CSR scope are specified in the section entitled "CSR Scope". For 2014, the environmental data

[19] International Featured Standard
[20] British Retail Consortium

only covers production facilities.

5.1.12 Appendices – Definitions

1. Year-end headcount

The headcount (or employees) corresponds to the individuals who have an employment contract with the entity (fixed-term or permanent contract, on a full or part-time basis, including employees on work-study contracts). Interns, temporary staff, service providers, consultants and other external staff are not recorded in headcount.

Headcount is recorded as the individuals who are physically present at the end of the period, and not on a full time equivalent (FTE) basis.

Employees whose contracts expired in the evening of 31 December 2014 are recorded in the headcount present as at 31 December 2014.

2. Absenteeism

Absenteeism refers to employees who have missed one or several working days in part or in full as a result of:

- parental leave,
- an industrial accident,
- other reasons (excluding illness, leave and industrial accidents).

These absences may be avoidable or unavoidable. The number of days' absence is counted in working days. In the case of subsidiaries where the number of days' absence was reported in calendar days, the business day calculation was performed by using a ratio of 5/7 (estimate).

3. Hiring

Hires on fixed-term contracts concern individuals who accepted a fixed-term contract during the period.
These individuals may be:

- external applicants who have accepted a fixed-term contract ("hire");
- temporary staff who have accepted a fixed-term contract ("hire");
- individuals on fixed-term contracts who have agreed to a renewal of their fixed-term contract ("re-hire").

Permanent contract hires concern individuals who have accepted a permanent contract during the period.
These individuals may be:

- external applicants who have accepted a permanent contract ("hire");
- temporary staff who have accepted a permanent contract ("hire");
- individuals on fixed-term contracts who have accepted a permanent contract ("re-hire").

4. Lay-offs

Lay-offs concern individuals working for the Company on permanent or fixed-term contracts where the employer took the initiative to terminate the employment contract.

Contractual terminations and fixed-term contracts that reach their expiry date are not included under lay-offs.

5. Industrial accidents

Number of accidents recorded over the year (including travel accidents between home and work). A relapse resulting from an accident that was already recorded (in Year N or earlier) must not be recorded for a second time. Likewise, an accident reported in Year N-1 that continues to result in days of absence in Year N must not be recorded (as it was already recorded in the previous financial year).

Lastly, any accidents reported over the year are counted, even before they are formally recognised by the social security organisation (or an equivalent body).
In the event that their recognition is rejected, these accidents are removed if the refusal is received prior to the close of the data reporting period.
The following formulas have been applied in order to calculate frequency and severity rates:

- FR = number of accidents with recognised lost time during the year x 1,000,000/actual hours worked;

- SR = aggregate number of days of absence due to industrial accidents x 1,000/actual hours worked.

6. Water consumption

The consumption of water used in the production process and cooling systems has been included in this indicator. It is worth noting that we did not distinguish between production process water consumption and cooling process water consumption in the 2014 report.

7. Energy

This definition includes direct or primary sources of energy (e.g. gas) and indirect or processed energy (e.g. electricity consumption).

The energy used to propel industrial vehicles (e.g. forklifts) is included.
The fuel consumption of commercial and company vehicles is not included.

Likewise, water and energy consumption is not published when it is included in building rental charges.

Energy consumption is quantified for the production facilities included in the 2014 CSR report.

5.1.13 Appendices – Key indicators

Headcount	Unit	2014 CSR scope
Total year-end headcount	Number	2,078
Total hires	Number	773
Total leavers	Number	568
of which lay-offs	Number	222

Remuneration and change in remuneration	Unit	2014 CSR scope
Payroll as at 31/12/2013	€000	36,994.372
Payroll as at 31/12/2014	€000	37,206.050
Change	%	+0.57%

Organisation of working hours	Unit	2014 CSR scope
Total theoretical hours worked	Hours	3,513,678.36
Total overtime (paid and unpaid)	Hours	48,488.00
Total actual hours worked	Hours	3,219,226.82
Aggregate number of days of absence	Business days	43,483.30
Number of accidents with lost time recorded over the year	Number	41
Number of accidents without lost time recorded over the year	Number	7
Number of occupational illnesses recorded over the year	Number	0
Industrial accident severity rate	Number	0.38
Industrial accident frequency rate	Number	12.74
Number of training hours followed	Hours	10,327.15

Other employment indicators	Unit	2014 CSR scope
Disabled persons employed	Number	41
Number of collective agreements signed during the year	Number	4
Number of agreements relating to safety and/or health in the workplace signed during the year	Number	4

Appendices – Key indicators

Raw material consumption	**Unit**	**2014 CSR scope**
Water consumption	m^3	523,604.38
Raw material: neutral alcohol	litres	11,172,637.00
Raw material: rye	tonnes	10,441.40
Raw material: wine	m^3	3,977,776.00
Raw material: sugar	tonnes	4,741.91

Energy consumption	**Unit**	**2014 CSR scope**
Electricity	kWh	12,311,030.00
Heating oil	m^3	193.56
Natural gas	kWh	48,176,518.00
Liquefied natural gas	m^3	1,729.85
Propane	m^3	5,721.99
Diesel	m^3	234.71
Non-transport diesel	m^3	14.99

Other environmental indicators	**Unit**	**2014 CSR scope**
Provisions for environmental risk	€000	0.00
Guarantees for environmental risk	€000	425.23

5.2. Independent third-party report on consolidated social, environmental and societal information published in the management report

This is a free translation into English of the original report issued in French, and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in FranceFinancial year ended 31 December 2014

Financial year ended December 31, 2014

To the Shareholders,

As independent third-party, members of Mazars' network, statutory auditor of Belvédère SA, whose accreditation was accepted by COFRAC under the number 3-1058[1], we hereby present you our report on the consolidated social, environmental and societal information provided in the management report prepared for the year ended December 31, 2014, (hereinafter referred to as **"CSR Information"**), pursuant to Article L.225-102-1 of the French Commercial Code (Code de Commerce).

Responsibility of the company

The Board of Directors of Belvédère SA is responsible for preparing a management report including the CSR Information required under Article R. 225-105-1 of the French Commercial Code, in accordance with the reporting criteria of the company (hereafter the **"Reporting Criteria"**), a summary of which is provided in the Management Report and available on request of the society headquarter.

Independence and quality control

Our independence is defined by regulatory texts, the profession's Code of Ethics and by the provisions of Article L. 822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes documented policies and procedures designed to ensure compliance with deontological rules, professional standards and applicable legal texts and regulations.

Responsibility of the Independent Third-Party Body

Based on our work, our role is to:

- attest that the required CSR Information is disclosed in the management report or, that an explanation has been provided if any information has been omitted, in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of completeness of the CSR Information);
- provide limited assurance that, on the whole, the CSR Information is fairly presented, in all material respects, in accordance with the adopted Reporting Criteria (Fairness report regarding CSR Information).

[1] Whose scope is available on the website www.cofrac.fr

Our work was carried out by a team of 7 people between February 2014 and May 2015 for a period of about 6 weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the legal order dated May 13, 2013 determining the methodology according to which the independent third party body conducts its mission and, on the reasoned opinion, in accordance with ISAE 3000[2].

1. Attestation of completeness of the CSR Information

We got acquainted with the direction that the Group is taking, in terms of sustainability, with regard to the social and environmental, consequences of the company's business and its societal commitments and, where appropriate, the actions or programs that stemmed from it.

We compared the CSR Information presented in the management report to the list set forth in Article R. 225-105-1 of the French Commercial Code.

In the event of omission of some consolidated information, we checked that explanations were provided in accordance with the third paragraph of the article R. 225-105 of the French Commercial Code.

We checked that the CSR Information covers the consolidated scope, which includes the company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code (Code de commerce) and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code (Code de commerce), subject to the limits set forth in the methodological note set out in section 5.1.6 "Scope of the report" of the Management Report.

Based on our work, and taking into account the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

[2] ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

2. Fairness report with respect to CSR information

Nature and scope of procedures

We conducted about ten interviews with the persons responsible for the preparation of CSR Information from the departments in charge of the process of gathering information and, when applicable, the persons responsible for internal control and risk management procedures, to:

- assess the appropriateness of the Reporting Criteria in terms of relevance, completeness, neutrality, clarity and reliability, by taking into consideration, when relevant, the sector's best practices;
- verify the set-up within the Group of a process to collect, compile, process and check the CSR Information with regard to its completeness and consistency. We familiarized ourselves with the internal control and risk management procedures relating to the compilation of the CSR Information.

We determined the nature and extent of tests and controls depending on the nature and importance of CSR Information in relation to the characteristics of the Company, the social and environmental issues of its operations, its strategic priorities in relation to sustainable development, and the Industry best practices.

Concerning the CSR information that we considered to be the most significant[3]:

- at the level of the consolidating entity and of the entities, we consulted source documents and conducted interviews to corroborate the qualitative information (organization, policies, actions); we implemented analytical procedures on the quantitative and verified, on the basis of sampling techniques, the calculations and consolidation of the information; and we verified its consistency with the other information contained in the management report;
- at the level of a representative sample of entities[4], selected based on their activity, their contribution to consolidated indicators, their location and a risk analysis; we conducted interviews to verify the proper application of procedures and conducted substantive tests, using sampling basis, to verify the calculations performed, and reconciled data with supporting evidence.

The selected sites contribution to group data equals to 30 % of headcount and from 63 % to 84 % of the quantitative environmental information tested.

Regarding the other consolidated CSR Information, we assessed its fairness and consistency based on our knowledge of the Group.

Finally, we assessed the relevance of the explanations relating to, where necessary, the total or partial omission of certain information.

[3] Total headcount at the end of the period and breakdown by age, gender and geographical region; Joiners and leavers including redundancies; Number of lost-time accidents recorded over the year; Number of training course hours followed; Energy consumption; Water consumption.

[4] Marie Brizard; Destylarnia Sobieski; Moncigale.

We deem that the sampling methods and sample sizes we have learned by exercising our professional judgment allow us to formulate a conclusion providing limited assurance; a higher level of assurance would have required more extensive work. Because of the use of sampling techniques, and because of other limits inherent to any information and internal control systems, the risk of not detecting a material misstatement in the CSR Information cannot be completely eliminated.

Conclusion

Based on our work, we did not identify any material misstatements that would lead us to believe that the CSR Information, taken as a whole, has not been fairly presented, in all material respects, in accordance with the Reporting Criteria.

Paris La Défense, 20th May 2015

The Independent Third Party

Mazars SAS

Dominique Muller	Romain Maudry	Emmanuelle Rigaudias
Partner	*Partner*	*Partner, CSR & Sustainable Development*

6. REGULATED AGREEMENTS

6.1 Description of the regulated agreements

List of regulated agreements entered into during the financial year:

We hereby inform you that, at its meeting on 5 December 2014, our Company's Board of Directors authorised an agreement falling under Article L. 225-38 of the French Commercial Code between our Company and Jacques Bourbousson (director). The purpose of the related service was to assess the organisational structure, infrastructure and vineyard yield in Bulgaria. A €5,000 invoice was issued for this service, which was performed between 8 and 12 September 2014.

List of previously authorised agreements where the Board of Directors extended previous authorisations

- The purpose of the agreement signed between the Company and Krzysztof Trylinski (former Chairman of the Board of Directors) on 17 July 2013 is the provision of support services.

  This agreement sets out the terms and conditions for the support services that Krzysztof Trylinski has undertaken to provide to the Company, as well as the related fees.

  These services will be performed in exchange for the monthly payment of an amount of €62,500 excluding tax.

  The term of this agreement is for a minimum period of three years from the effective date, i.e. the date when Krzysztof Trylinski's duties at the Company were terminated.

  As Krzysztof Trylinski resigned from his duties with effect from 16 September 2014, this agreement will therefore run for a period of three years from that date.

- The purpose of the agreement is the settlement signed by the Company and Krzysztof Trylinski (former Chairman of the Board of Directors) on 30 September 2013.

  The purpose of this settlement is to terminate or prevent any ongoing or latent litigation or disputes that may arise between the parties, primarily as the result of resignations.

  Under the terms of this agreement, Krzysztof Trylinski has undertaken to resign from all of his offices and from any other position held at the Company and/or the subsidiaries, on the understanding that he undertakes to resign from his position as a director and as Chairman of the Board of Directors, and to remain in his role as Chief Executive Officer up until the date when the Appointments Committee has recommended the appointment of his successor to the position of Chief Executive Officer. Mr Trylinski acknowledges that he has no claim to make against any of the Group companies, and that none of the Group companies owes him any compensation or repayment of any kind, and that he does not benefit from any undertakings except for the support contract signed on 17 July 2013.

  In return, Belvédère SA, has committed, on its own behalf and on behalf of its subsidiaries, to withdraw from any proceedings that they may have initiated against Krzysztof Trylinski prior to the date when said settlement was signed, as and when required, and definitively waives its right to initiate any proceedings or actions, of any kind, against Krzysztof Trylinski in respect of their past relations, except for the exclusions referred to in Article 2 of the Settlement.

- Krzysztof Trylinski benefits from a guarantee, which provides that your Company will compensate him for any personal loss incurred as the result of the potential consequences of the signing a memorandum of agreement by Belvédère SA and Angostura Holdings Limited on 4 February 2013.
  This guarantee was granted for a period of 10 years from 11 February 2013.

- Advances and non-interest bearing current accounts granted by Belvédère SA: the advances and non-interest bearing current accounts granted by Belvédère SA displayed the following debit balances as at 31 December 2014:

Abbaye de Talloires: €267,000
Belvédère Ceska: €339,000
Director concerned: Krzysztof Trylinski

- Belvédère SA has entered into an operating lease on a building for use as offices and as its registered office at 10 Avenue Charles Jaffelin in Beaune. The rent for the 2014 financial year amounted to €27,000 excluding tax.
  Director concerned: Krzysztof Trylinski

Agreements authorised during the financial year and not yet signed

In accordance with the provisions of Article R. 225-30 of the French Commercial Code, we hereby inform you that, at its meeting on 24 October 2014, our Company's Board of Directors authorised an agreement falling under Article L. 225-38 of the French Commercial Code between our Company and Jean-Noël Reynaud (Chief Executive Officer).

The purpose of this authorisation is to comply with a contractual guarantee undertaking relating to GSC directors' unemployment insurance, which it had made to the Chief Executive Officer in his letter of appointment. This authorisation provides for the substitution of the GSC insurance by an escrow agreement for an amount of €294,000 and a period of 24 months. It is specifically provided that this escrow agreement will lapse in the event that GSC confirms in writing that it is assuming liability for the cover.

This agreement was entered into on 1 April 2015.

6.2 Statutory Auditors' special report on regulated agreements

To the Shareholders,

In our capacity as the Company's Statutory Auditors, we hereby submit our report on regulated agreements and commitments.

It is our responsibility to inform you, based on the information that has been provided to us, of the characteristic features and of the main terms and conditions of the agreements and commitments that have been disclosed to us, or of which we may have become aware during our assignment. It is not up to us to issue an opinion on their usefulness and legitimacy, or to ascertain whether other agreements and undertakings exist. Your role, in accordance with the terms of Article R. 225-31 of the French Commercial Code, is to assess the benefit of entering into these agreements and commitments, with a view to their approval.

We are also required to disclose the information provided for in Article 225-31 of the French Commercial Code regarding the execution of the agreements and commitments already approved by the General Meeting during the year ended.

We performed the checks that we considered necessary in view of the professional standards issued by the Compagnie Nationale des Commissaires aux Comptes regarding this assignment. These checks consisted in verifying that the information provided to us is consistent with the source documents from which it was extracted.

AGREEMENTS AND COMMITMENTS SUBJECT TO THE APPROVAL OF THE GENERAL MEETING

Agreements and commitments authorised during the course of the previous financial year

Pursuant to Article L. 225-40 of the French Commercial Code, we have been informed of the following agreements and commitments previously authorised by your Board of Directors.

Assignment aimed at assessing the infrastructure and yield of the vineyard in Bulgaria

At its meeting on 5 December 2014, your Board of Directors authorised your Company to take on a specific assignment relating to the assessment of the organisation and infrastructure of the vineyard in Bulgaria, as well as the assessment of its yield, in exchange for a financial consideration of €5,000.

Director concerned: Jacques Bourbousson

Payment of the amounts payable under the GSC guarantee into an escrow account

At its meeting on 24 October 2014, your Board of Directors authorised a payment of €294,000 into an escrow account relating to the GSC cover arranged for the benefit of your Chief Executive Officer, and as provided for by the Company's contractual commitment to Jean-Noël Reynaud in respect of his office as Chief Executive Officer.

The terms of the escrow agreement are as follows:

- Amount: €294,000
- Term: 24 months
- Implementation: the escrow amount will not be released in the event that Mr Reynaud leaves the Company voluntarily or that his office is terminated in circumstances where he is at fault;
- Lapse: the escrow agreement will automatically lapse in the event that GSC confirms in writing that it is assuming the cover;
- Performance conditions: in the event that Article L. 225-42-1 of the French Commercial Code applies, the cumulative performance conditions will be as follows: (i) a positive consolidated EBITDA amount for Belvédère and its subsidiaries, as well as (ii) a positive consolidated underlying operating profit for Belvédère and its subsidiaries.

Manager concerned: Jean-Noël Reynaud

This escrow agreement was entered into on 1 April 2015.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the implementation of the following agreements and commitments, which had already been approved by the General Meeting in prior financial years, was ongoing during the financial year ended.

Support Agreement entered into by Belvédère SA and Krzysztof Trylinski

The terms of the agreement are as follows:

Parties	Belvédère (the "Company"), Marie Brizard & Roger International, Sobieski sp. Zoo, Sobieski Trade, Domain Menada, Destylernia Sobieski, Destylernia Polmos W Krakowie, and Fabryka Wodek Polmos Lancut (the "Guarantors") Krzysztof Trylinski
Purpose	Agreement for the provision of support services to the Company (the "Support Services Agreement")
Entry into effect and conditions for implementation	On the date when Krzysztof Trylinski's duties within the Group are terminated, regardless of the reason for the termination, on condition that: - in the event that Krzysztof Trylinski took the initiative to leave, he has complied with a three (3)-month notice period, and has continued to perform his duties in good faith during that notice period; - his duties are terminated by 19 April 2015 at the latest; - the termination of his duties results from a change in the Company's strategy, such as a change in the organisation of the Company's Senior Management.
Term	A minimum term of three years (the "Minimum Term"), renewable for periods of one (1) year
Remuneration for the provision of services	€62,500 per month excluding tax
Termination conditions	The Company may terminate the Support Agreement at any time, on condition that the Company and the Guarantors pay the full amount due for the period remaining until the expiry of the Minimum Term in one instalment on the termination date. Meanwhile, Krzysztof Trylinski may terminate the Support Agreement at any time as from the expiry date of a six (6)-month period beginning on the effective date. In this event, the Company and the Guarantors will pay the amounts due for the period remaining until the expiry of the Minimum Term in one instalment on the termination date.
Escrow	The amount corresponding to the remuneration payable during the Minimum Term under the Support Agreement will be placed in escrow, and released as the Agreement is executed.

Non-compete and non-solicitation	Mr Krzysztof Trylinski will refrain from the following for a period of six (6) months as from the termination of the Support Agreement, and subject to the full payment of the remuneration payable during the Minimum Term: - setting up or acquiring any entity that conducts Competing Business Activities, and/or holding an interest in any company or entity that conducts a Competing Business Activity (other than an exclusive investment interest that does not exceed 5% of the share capital and voting rights in companies where the shares are admitted for trading on a regulated market) in France, the United States, or Poland; - providing consulting services to a company that conducts a Competing Business Activity, or receiving any remuneration on any grounds from a company that conducts a Competing Business Activity in France, the United States, or Poland; - performing any duties as an employee, corporate officer, manager, director or consultant in a company that conducts Competing Business Activities in France, the United States, or Poland; - hiring, soliciting, or canvassing the Group's employees or managers either directly or indirectly, specifically for the purpose of encouraging them to leave the Group or distract them from the Group, for any other purpose than the Group's development; the term "Competing Business Activity" refers to the spirits industry, including the production, distribution, and marketing of distilled alcoholic beverages, on the understanding that the term "Competing Business Activity" does not apply to the design of packaging and wrapping materials for alcoholic beverages.
Confidentiality	Krzysztof Trylinski undertakes to comply with the strictest confidentiality, for a period of six (6) months as from the termination of the Support Agreement, regarding any information to which he may have had access while performing his duties at the Group, and subject to the full payment of the remuneration payable during the Minimum Term, except (i) in the event of prior consent by the Company, (ii) if the disclosure of certain information was required pursuant to legal and regulatory obligations, or (iii) in the event of a dispute between Krzysztof Trylinski and a company in the Belvédère Group.

An amount of €2,700,000 was paid into an escrow account during the financial year ended 31 December 2014. The amount of the fees recognised as an expense is €2,250,000 excluding tax.

Signing of a settlement agreement by Belvédère SA and Krzysztof Trylinski

A settlement agreement has been signed by the Company and Krzysztof Trylinski; the object of this agreement is to prevent any current or latent litigation or disputes that may arise between the parties, in particular as the result of resignations, and specifically to prevent:

- Any claim or demand that may be made against the Company or one of its subsidiaries by Krzysztof Trylinski;
- Any claim, demand or objection relating to Krzysztof Trylinski's offices within the Group;
- Any claim, demand or objection relating to the disputes; and
- Any claim or demand that may be made by the Company or one of its subsidiaries against Krzysztof Trylinski in connection with the management actions taken by the latter as part of the fulfilment of his corporate offices within the Group, with the express exclusion of:
  (a) Any actions performed by Krzysztof Trylinski in breach of the currently applicable statutory provisions, where applicable;
  (b) Any fraudulent acts committed by Krzysztof Trylinski, or any act amounting to a criminal offence; or

(c) Any acts contrary to the Company's corporate interest committed after the date when this agreement was signed and prior to the resignation date.

Under the terms of this agreement, Krzysztof Trylinski has undertaken to resign from all of his offices and from any other position held at the Company and the subsidiaries, on the understanding that he undertakes to resign from his position as a Director and Chairman of the Board of Directors, and to remain in his role as Chief Executive Officer up until the date when the Appointments Committee has recommended the appointment of his successor to the position of Chief Executive Officer. Mr Trylinski acknowledges that he has no claim to make against any of the Group companies, and that none of the Group companies owes him any compensation or repayment of any kind, and that he does not benefit from any undertakings except for the support agreement signed on 17 July 2013.

In return, Belvédère SA, has committed, in its own name and in the name and on behalf of the subsidiaries, to withdraw from any proceedings that they may have initiated against Krzysztof Trylinski prior to the date when said settlement was signed, as and when required, and definitively waives its right to initiate any proceedings or actions, of any kind, against Krzysztof Trylinski in respect of their past relations, except for the exclusions referred to in Article 2 of the Settlement.

Guarantee granted to Krzysztof Trylinski

Krzysztof Trylinski benefits from a guarantee, which provides that your Company will compensate him for any loss suffered on a personal basis as the result of the potential consequences of the signing a memorandum of agreement by Belvédère SA and Angostura Holdings Limited on 4 February 2013.

This guarantee was granted for a period of 10 years as from 11 February 2013.

Advances and non-interest bearing current accounts granted by Belvédère SA

The advances and non-interest bearing current accounts granted by Belvédère SA displayed the following debit balances as at 31 December 2014:

Beneficiaries	Debit balance as at 31/12/2014 in €000
Abbaye de Talloires	267
Belvédère Yugoslavia	339

Lease agreement entered into with the Finest partnership

Belvédère SA has entered into a lease on a building at 10 Avenue Charles Jaffelin in Beaune for use as offices and its registered office.

Rent for the 2014 financial year amounted to €27,000 excluding tax.

Fontaine-lès-Dijon and Paris La Défense, 20 May 2015

The Statutory Auditors,

RENART, GUION & ASSOCIES	Aurélie Trucy
MAZARS	Romain Maudry
	Dominique Muller

7. RESOLUTIONS SUBMITTED TO THE GENERAL MEETING

7.1. The Board of Directors' report to the General Meeting

Appropriation of earnings

You are required to issue an opinion on the appropriation of earnings for the financial year, which amount to an accounting loss of €8,616,544.

The Board of Directors is proposing to assign the entire loss for the financial year to retained earnings, the amount of which would therefore decrease from -€492,356,683 to -€500,973,227.

Agreements covered by Article L. 225-38 of the French Commercial Code

We hereby inform you that the Statutory Auditors have been notified of the agreements previously authorised and entered into that remained valid during the financial year and of the agreements authorised during the financial year, for the purpose of preparing their special report. We request that you approve the terms of these agreements. The purpose of the 4th Resolution is to approve the agreements covered by Articles L. 225-38 *et seq*. of the French Commercial Code that were entered into or renewed by the Company during the financial year ended.

Appointments

Following the appointment of Mehdi Bouchaara on 24 November 2014 by the Board of Directors, under the terms of the 5th Resolution, we recommend that you approve this appointment, for the remaining term of Mr Bouchaara's predecessor's office, i.e. until the General Meeting called to approve the financial statements for the 2018 financial year. We also recommend that you appoint (6th Resolution) Riverside Management sprl to replace Benoît Ghiot, who has informed us of his intention to resign from his duties as a Director of the Company subject to the adoption of the resolution relating to the appointment of Riverside Management sprl.

Lastly, we recommend that you appoint two new Directors, Serge Heringer and Jean-Noël Reynaud, the Company's Chief Executive Officer, under the terms of the 7th and 8th Resolutions.

Overall amount of the annual directors' fees allocation

The Board of Directors recommends that you set the overall amount of the annual directors' fees allocation at €465,000 for the 2015 financial year. This amount takes into account the appointment of two new Directors, as recommended to you under the terms of the 7th and 8th Resolutions, on the understanding that the Board of Directors is not planning any remuneration for the Chief Executive Officer in his capacity as a new Director, if the Meeting approves his appointment under the terms of the 8th Resolution.

Opinion on the remuneration components

Under the terms of the 13th Resolution, you are requested to issue a favourable opinion on the components of the remuneration payable or paid to Jean-Noël Reynaud, in his capacity as Chief Executive Officer, in accordance with the recommendations of Paragraph 24.3 of the AFEP-MEDEF Corporate Governance Code dated June 2013.

Treasury share transactions

At the Combined General Meeting of 16 September 2014, you granted your Company authorisation to trade in its own shares on the stock market, under the terms of the 11th Resolution.

We recommend that you authorise the Board of Directors to trade in the Company's shares on the stock exchange for a period of 18 months, under the terms of the 14th Resolution. The number of shares that the Company may purchase may not result in it holding over 10% of the number of shares that make up its share capital (5% in the case of shares purchased with a view to retaining them or delivering them in exchange or payment as part of merger, demerger or contribution transactions).

We would remind you that, in accordance with the law, where shares are purchased in order to improve liquidity, the number of shares taken into account to calculate the 10% limit corresponds to the number of shares purchased, minus the number of shares resold during the authorisation period.

The purpose of the buyback programme is to enable the following transactions to be performed:

(i) to implement any stock option plan for the Company's shares under the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code;

(ii) to allot shares to employees as part of their participation in the benefits of the Company's expansion, and to implement any corporate savings scheme under the conditions provided for by law, in particular by Articles L. 3332-1 *et seq.* of the French Labour Code;

(iii) to allot bonus shares under the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code;

(iv) to retain shares with a view to subsequently delivering them as payment or exchange as part of external growth transactions;

(v) to deliver shares upon the exercise of rights attached to securities giving access to the Company's share capital via redemption, conversion, exchange, presentation of a warrant or in any other way;

(vi) to cancel all or some of the shares, as part of a share capital decrease, subject to the adoption of the 19th Resolution submitted to this General Meeting;

(vii) to ensure liquidity or boost the secondary market in Belvédère shares via an investment service provider, under the terms of a liquidity agreement that complies with the code of ethics recognised by the French Financial Markets Authority; and

(viii) to implement any market practice that might become accepted by the French Financial Markets Authority and, more generally, to perform any transaction that complies with the regulations in force.

We recommend that you set the maximum purchase price per share at €35, excluding transaction costs.

The Board of Directors will inform shareholders of the transactions performed via its annual Management Report, in accordance with the provisions of Article L. 255-211 of the French Commercial Code.

<u>Change in the Company's name</u>

Under the terms of the 15th Resolution, we propose abandoning the current corporate name for your Company and adopting a new name. In keeping with the recent arrival of a new senior management team, and the creation of an Executive Committee, the name "Belvédère" no longer appears appropriate for the values embodied by the Group, as set out in the 2018 BiG Plan. The Group intends to benefit from the recognition of a trademark that is several hundred years old and enjoys world-wide recognition via the new corporate name proposed to you, namely "Marie Brizard Wine & Spirits".

<u>Transfer of the Company's registered office</u>

For reasons of efficiency, in the 16th Resolution we recommend transferring the address of the Company's registered office from Beaucaire to Ivry. As the Company's employees, including senior management, are based at the Ivry premises, it appears desirable to locate the registered office at the Company's premises at this address, primarily with a view to reliability and time-saving when dealing with third parties.

Cancellation of treasury shares

In the 18th Resolution, we recommend that you grant the Board of Directors authorisation to cancel, in accordance with Article L. 225-209 of the French Commercial Code, shares purchased by the Company pursuant to the authorisation that your Meeting may grant in the 14th Resolution or shares purchased under previous authorisations to purchase and sell treasury shares granted to the Company.

The purpose of this resolution is to enable your Board of Directors to decrease the share capital as a result of this cancellation. This transaction may not involve more than 10% of the share capital in each 24-month period, in accordance with the provisions of the law.

This authorisation will be valid for a period of 18 months.

The Board of Directors

7.2. Draft resolutions submitted to the General Meeting

First Resolution (*Approval of the Company financial statements for the year ended 31 December 2014*)

The General Meeting,

voting under the quorum and majority conditions required for Ordinary General Meetings, and

having reviewed the Board of Directors' report and the Statutory Auditors' general report on the financial statements for the financial year ended 31 December 2014,

approves the Company financial statements for the said financial year, as presented to the Meeting, together with all the transactions reflected in those financial statements or summarised in those reports.

Second Resolution (*Approval of the consolidated financial statements for the financial year ended 31 December 2014*)

The General Meeting,

voting under the quorum and majority conditions required for Ordinary General Meetings, and

having reviewed the Board of Directors' report and the Statutory Auditors' general report on the consolidated financial statements for the financial year ended 31 December 2014,

approves the consolidated financial statements for this financial year, as presented to the Meeting, together with all the transactions reflected in those financial statements or summarised in those reports.

Third Resolution (*Appropriation of earnings for the financial year*)

The General Meeting,

deliberating under the quorum and majority conditions required for Ordinary General Meetings,

notes that the net loss for the 2014 financial year amount to €8,616,544, and

resolves to assign the entire loss for the financial year to retained earnings, the amount of which will therefore decrease from -€492,356,683 to -€500,973,227, on the recommendation of the Board of Directors.

The General Meeting notes that it has been reminded that no dividend has been paid since 31 December 2010.

Fourth Resolution (*Approval of the agreements referred to in Article L. 225-38 of the French Commercial Code*)

The General Meeting,

voting under the quorum and majority conditions required for Ordinary General Meetings, and

having reviewed the Statutory Auditors' special report on the agreements referred to in Article L. 225-38 of the French Commercial Code, as entered into and/or performed during the financial year ended 31 December 2014,

approves the terms of this report and the agreements referred to therein.

Fifth Resolution (*Approval of the appointment of Mehdi Bouchaara as a Director*)

The General Meeting,

voting under the quorum and majority conditions required for Ordinary General Meetings, and

having reviewed the minutes of the meeting of the Company's Board of Directors on 24 October 2014, pursuant to which Mehdi Bouchaara was appointed as a Director for the remaining term of his predecessor's office, i.e. until the General Meeting called in 2019 to approve the financial statements for the financial year ending on 31 December 2018,

therefore **approves** the aforementioned appointment, in accordance with Article 13 IV of the Company's Articles of Association.

Sixth Resolution (*Appointment of Riverside Management s.p.r.l. as a new Director*)

The General Meeting,

voting under the quorum and majority conditions required for Ordinary General Meetings, and

having reviewed (i) the terms of the letter sent by Benoît Ghiot on 12 May 2015, stating his intention to resign from his duties as a Director of the Company, subject to the adoption of this resolution, and (ii) the provisions of Article 13 of the Company's Articles of Association,

resolves to appoint Riverside Management s.p.r.l, a company governed by Belgian law, which has its registered office at 275, avenue Parc d'Amée – 5100 Dave (Belgium), and is registered with the Belgian Trade Registry under No. 0603993759, as a new Director with effect from this General Meeting for a period of six years until the General Meeting called in 2021 to approve the financial statements for the financial year ending on 31 December 2020, and

notes that Benoît Ghiot, Riverside Management's permanent representative for the same period of six years, has stated that he meets all the conditions required in law and by the regulations.

Seventh Resolution ***(Appointment of Serge Heringer as a new Director)***

The General Meeting,

voting under the quorum and majority conditions required for Ordinary General Meetings, and

having reviewed the provisions of Article 13 of the Company's Articles of Association,

resolves to appoint Serge Heringer, born in Colmar (Department of Haut-Rhin) on 25 March 1968, a French national, residing at BP 20475, Boulevard Allal El Fassi, Marrakech 40000 (Morocco), as a new Director for a period of six (6) years expiring at the end of the Ordinary General Meeting of Shareholders called in 2021 to approve the financial statements for the financial year ending on 31 December 2020, and

notes that Serge Heringer has stated that he meets all the conditions required in law and by the regulations.

Eighth Resolution ***(Appointment of Jean-Noël Reynaud as a new Director)***

The General Meeting,

voting under the quorum and majority conditions required for Ordinary General Meetings, and

having reviewed the provisions of Article 13 of the Company's Articles of Association,

resolves to appoint Jean-Noël Reynaud, born in La Tronche (Department of Isère) on 20 February 1967, a French national, residing at Le Mas du Plan – 38520 le Bourg d'Oisans, as a new Director for a period of six (6) years expiring at the end of the Ordinary General Meeting of Shareholders called in 2021 to approve the financial statements for the financial year ending on 31 December 2020, and

notes that Jean-Noël Reynaud has stated that he meets all the conditions required in law and by the regulations.

Ninth Resolution (*Determination of the amount of directors' fees to be allocated to the Board of Directors*)

The General Meeting,

voting under the quorum and majority conditions required for Ordinary General Meetings and on the recommendation of the Board of Directors,

resolves to allocate a maximum overall annual amount of directors' fees of four hundred and sixty-five thousand euros (€465,000) from the 2015 financial year (included) onwards, in accordance with the provisions of Article L. 225-45 of the French Commercial Code, on the understanding that the task of dividing the directors' fees between the Directors will be left to the Board of Directors, which will be free to determine the amounts allocated to each member at its own discretion.

Tenth Resolution (*Appointment of a new incumbent Statutory Auditor for the Company*)

The General Meeting,

voting under the quorum and majority conditions required for Ordinary General Meetings,

notes that the term of office of the Company's incumbent Statutory Auditor expires today, and therefore

resolves to appoint KPMG SA, a limited company with share capital of €5,497,100, which has its registered office at 3 cours du Triangle – Immeuble Palatin – 92939 Paris la Défense Cedex, registered with the Nanterre Trade and Companies Register under No. 775 726 417, as the new incumbent Statutory Auditor for a period of six (6) years expiring at the end of the Ordinary General Meeting called to approve the financial statements for the financial year ending on 31 December 2020, and

notes that the new incumbent Statutory Auditor has accepted this appointment and meets all the conditions required in law and by the regulations in force.

Eleventh Resolution (*Appointment of a new alternate Statutory Auditor for the Company*)

The General Meeting,

voting under the quorum and majority conditions required for Ordinary General Meetings,

notes that the term of office of the Company's alternate Statutory Auditor expires today, and therefore

resolves to appoint Salustro Reydel, a limited company with share capital of €3,824,000, which has its registered office at 3 cours du Triangle – Immeuble Palatin – 92939 Paris la Défense Cedex, registered with the Nanterre Trade and Companies Register under No. 652 044 371, as the new alternate Statutory Auditor for a period of six (6) years expiring at the end of the Ordinary General Meeting called to approve the financial statements for the financial year ending on 31 December 2020, and

notes that the new alternate Statutory Auditor has accepted this appointment and meets all the conditions required in law and by the regulations in force.

Twelfth Resolution (*Approval of the specific commitment made to the Chief Executive Officer*)

The General Meeting,

voting under the quorum and majority conditions required for Ordinary General Meetings, and

having reviewed the Statutory Auditors' special report on the agreements referred to in Article L. 225-38 of the French Commercial Code,

notes the conclusions of the aforementioned Statutory Auditors' report and approves, for all intents and purposes and pursuant to Article L. 225-42-1 of the French Commercial Code, the commitment made to Jean-Noël Reynaud, the Company's Chief Executive Officer, set out in that report in respect of the payment in escrow of an amount of two hundred and ninety-four thousand euros (€294,000) by the Company in order to enable the payment of the amounts relating to the GSC guarantee to Jean-Noël Reynaud, in accordance with the terms of his letter of appointment.

Thirteenth Resolution (*Opinion on the remuneration components payable or paid to Jean-Noël Reynaud in his capacity as the Company's Chief Executive Officer*)

The General Meeting,

voting under the quorum and majority conditions required for Ordinary General Meetings, having been consulted pursuant to the recommendation in Paragraph 24.3 of the AFEP-MEDEF Corporate Governance Code, and

having reviewed the Management Report on this issue and taken cognizance of the fact that Jean-Noël Reynaud's office as the Company's Chief Executive Officer began on 5 May 2014,

issues a favourable opinion on the remuneration components payable or paid to Jean-Noël Reynaud in his capacity as the Company's Chief Executive Officer for the financial year ended 31 December 2014.

Fourteenth Resolution (*Authorisation granted to the Board of Directors to perform transactions in the Company's shares on the stock exchange)*

The General Meeting,

voting under the quorum and majority conditions required for Ordinary General Meetings, and having reviewed the report of the Board of Directors,

in accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code and Regulation 2273/2003 issued by the European Commission on 22 December 2003,

authorises the Board of Directors to perform transactions in the Company's shares on the stock exchange or otherwise,

resolves that this authorisation is intended to enable the Company to:

(i) implement any stock option plan for the Company's shares under the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code;

(ii) allot shares to employees as part of their participation in the benefits of the Company's expansion, and implement any corporate savings scheme under the conditions provided for in law, in particular Articles L. 3332-1 *et seq.* of the French Labour Code;

(iii) allot bonus shares under the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code;

(iv) retain shares with a view to subsequently delivering them as payment or exchange as part of external growth transactions;

(v) deliver shares upon exercise of rights attached to securities giving access to the Company's share capital via redemption, conversion, exchange, presentation of a warrant or in any other way;

(vi) cancel all or some of the shares, as part of a share capital decrease, subject to the adoption of the 19th

Resolution submitted to this General Meeting;

(vii) ensure liquidity or boost the secondary market in Belvédère shares via an investment service provider, under the terms of a liquidity agreement that complies with the code of ethics recognised by the French Financial Markets Authority; and

(viii) implement any market practice that might become accepted by the French Financial Markets Authority and, more generally, to perform any transaction that complies with the regulations in force,

resolves that the number of shares purchased cannot result in an increase in the number of treasury shares held by the Company above 10% of the total number of shares that make up the share capital,

notes that the number of shares purchased by the Company with a view to holding and subsequently delivering them either as payment or in exchange for other securities as part of a merger, demerger or contribution may not exceed 5% of the Company's share capital, in accordance with statutory provisions,

resolves that the shares may be purchased via any means and in compliance with the applicable stock exchange regulations and the accepted market practices published by the French Financial Markets Authority, and by using any financial derivatives or options traded on regulated or over-the-counter markets, provided that the latter means do not contribute to a significant increase in the volatility of the shares,

notes that the Company reserves the option of carrying out block share purchases,

notes that the Company reserves the option of continuing to execute this share buyback programme during periods of public tender or exchange offers involving its equity securities,

resolves that the purchase unit price may not exceed thirty-five euros (€35) and that, as a result, the maximum theoretical amount that the Company would be likely to pay in the event that it purchased shares at the maximum unit price of thirty-five euros (€35) would amount to ninety-two million, seven hundred and three thousand, one hundred and seventy euros (€92,703,170) on the basis of the current share capital,

resolves that, in the event of a change in the share par value, a capital increase via capitalisation of reserves and the allotment of bonus shares, a stock split or reverse stock split, a redemption or reduction of the share capital, a distribution of reserves or other assets and any other transactions involving equity capital, the prices set out above will be adjusted via a multiplication coefficient equal to the ratio between the number of shares comprising the share capital prior to the transaction and the number of shares following the transaction,

resolves that, in order to ensure the execution of this authorisation, all powers will be granted to the Board of Directors, with the option of further delegation, with a view to implementing this authorisation and, in particular, assessing the appropriateness of launching a buyback programme and determining the terms and conditions of that programme, preparing and publishing the information circular relating to the implementation of the buyback programme, placing all orders on the stock exchange, entering into all agreements, including for the purpose of keeping the share purchase and sale ledgers, making any declarations to the French Financial Markets Authority and any other body, completing any other formalities and, in general, doing everything that is required,

recalls that the Board of Directors will provide shareholders with the information relating to the execution of the share purchase transactions authorised under this resolution in a special report presented to the Annual General Meeting, including the number and price of the shares purchased in this way for each purpose, and the volume of the shares used for these purposes, together with any reallocations for other purposes involving the shares, and

resolves that this authorisation will be granted for a period of eighteen (18) months from this General Meeting and will invalidate any other delegation having the same purpose.

Fifteenth Resolution (*Change in the Company's name and corresponding amendment to the Company's Articles of Association*)

The General Meeting,

voting under the quorum and majority conditions required for Extraordinary General Meetings, and having reviewed the report of the Board of Directors,

resolves to change the Company's current name of "*Belvédère*" and to adopt the name of

"*Marie Brizard Wine & Spirits*",

and accordingly **resolves** to amend Article 3 of the Company's Articles of Association as follows:

"*The company name is:*

Marie Brizard Wine & Spirits

The company name must be immediately preceded or followed by the words "Société Anonyme" [limited company] or the initials "SA" followed by the amount of the share capital on all deeds and documents issued by the Company."

Sixteenth resolution (*Transfer of the registered office and corresponding amendment to the Company's Articles of Association*)

The General Meeting,

voting under the quorum and majority conditions required for Extraordinary General Meetings, and having reviewed the report of the Board of Directors,

resolves to transfer the registered office to the following address: 19, boulevard Paul Vaillant Couturier – 40, quai Jean Compagnon – 94200 Ivry-sur-Seine, and accordingly

resolves to amend Article 4 of the Company's Articles of Association as follows:

> *"The registered office is located at 19, boulevard Paul Vaillant Couturier – 40, quai Jean Compagnon – 94200 Ivry-sur-Seine.*
>
> *It may be transferred to any other location in the same Department or any neighbouring Department via a simple decision of the Board of Directors, subject to the approval of this decision by the next Ordinary General Meeting, and to anywhere else in France pursuant to a resolution of the Extraordinary General Meeting of Shareholders.*
>
> *In the event of a transfer decided by the Board of Directors, the Board is authorised to amend the Articles of Association accordingly".*

Seventeenth Resolution *(Updates and corresponding amendments to the Company's Articles of Association)*

The General Meeting,

voting under the quorum and majority conditions required for Extraordinary General Meetings, and having reviewed the report of the Board of Directors,

resolves to update the Articles of Association in compliance with (i) the provisions of Article L. 233-9 of the French Commercial Code and (ii) the provisions of Article R. 225-85 of the said Code, and accordingly

resolves to amend

(i) the fourth paragraph of Article 9 of the Articles of Association as follows, on the understanding that the remaining provisions of the article remain unchanged:

"Any private individuals or legal entities that come to hold an interest of at least 2.5% in the Company's share capital or voting rights, or a multiple of that percentage, either directly or indirectly, on a stand-alone basis or in concert, immediately or in the future, pursuant to an agreement or to a financial instrument listed in Article L. 211-1 of the French Monetary and Financial Code, and under the conditions referred to in paragraphs 4 and 4bis of Article L. 233-9 of the French Commercial Code, must inform the Company within a timeframe of five (5) trading days via a registered letter with request for acknowledgement of receipt sent to the registered office.";

(ii) the last paragraph of Article 25 of the Articles of Association as follows, on the understanding that the remaining provisions of the article remain unchanged:

"on the second business day prior to the General Meeting at midnight, Paris time".

Eighteenth Resolution ***(Authorisation to be granted to the Board of Directors to decrease the share capital by cancelling treasury shares)***

The General Meeting,

voting under the quorum and majority conditions required for Extraordinary General Meetings, and

having reviewed the report of the Board of Directors and the Statutory Auditors' report, and

subject to the adoption of the Fourteenth Resolution submitted to this General Meeting, which authorises the Board of Directors to purchase shares in the Company under statutory terms and conditions, authorises the Board, including an option of further delegation, to:

(i) cancel the shares in the Company purchased as the result of buybacks performed under the terms of Article L. 225-209 of the French Commercial Code, up to a limit of 10% of the share capital for each twenty-four (24)-month period, at any time and with no further formalities, in one or several instalments, on the understanding that this limit applies to an amount of the Company's share capital that will be adjusted, where applicable, to take into account transactions affecting the share capital subsequent to this General Meeting,

(ii) decrease the share capital accordingly, allocating the difference between the purchase value of the cancelled shares and their par value to distributable share premiums or reserves, and

(iii) amend the Articles of Association accordingly and complete any formalities required, and

resolves that this authorisation will be granted for a period of eighteen (18) months from the date of this General Meeting and will invalidate, with effect from this Meeting, the unused portions of any prior delegations having the same purpose.

8. STATEMENT BY THE PERSON RESPONSIBLE FOR THIS DOCUMENT

I hereby certify that, to the best of my knowledge, the financial statements presented in the Annual Financial Report have been prepared in accordance with the applicable accounting standards, and give a true and fair view of the financial position and earnings of the Company and of all the companies included in the consolidation scope. I also certify that the Management Report included in this Annual Financial Report provides a true and fair view of the development of the business, results and financial position of the Company and of all the companies included in the consolidation scope, together with a description of the main risks and uncertainties which they face.

20 May 2015

Jean-Noël Reynaud
Chief Executive Officer