Half-year report ending 30 June 2007

HALF-YEAR REPORT
ENDING 30 JUNE 2007

CONTENTS

Highlights

	First half 2007 € million	First half 2006 € million	% change	% change at constant exchange rates
Net sales	**440.6**	**417.8**	**5.4%**	**7.8%**
Trading profit	123.7	115.3	7.2%	9.4%
EBITDA before one-offs	**102.4**	**95.3**	**7.5%**	**9.7%**
EBITDA	**100.8**	**95.2**	**5.9%**	**8.1%**
EBIT before one-offs	**92.7**	**86.0**	**7.9%**	**10.3%**
EBIT	**91.1**	**85.9**	**6.1%**	**8.5%**
EBIT margin (EBIT / net sales)	20.7%	20.6%		
Profit before tax	82.7	80.4	2.8%	5.0%
Group net profit and minorities' profit	57.0	57.9	–1.6%	0.5%
Group net profit	**56.9**	**55.5**	**2.5%**	**4.6%**
Basic earnings per share (€)	**0.20**	**0.20**		
Average number of employees	1.590	1.614		
Free cash flow	64.0	30.9		
Acquisitions of companies and trademarks	(1.2)	(128.9)		
Net debt	328.0	379.5		
Group shareholders' equity and minorities' equity	843.4	797.8		
Fixed assets	986.8	990.3		

Corporate Officers

BOARD OF DIRECTORS (1)

Luca Garavoglia
Chairman

Robert Kunze-Concewitz
Chief Executive Officer

Paolo Marchesini
Managing Director and Chief Financial Officer

Stefano Saccardi
Managing Director
and Legal Affairs and Business Development Officer

Eugenio Barcellona
Director
and member of the Remuneration and Appointments Committee

Cesare Ferrero
Director and member of the Audit Committee

Marco P. Perelli-Cippo
Director and member of the Audit Committee

Enrico Corradi
Director
and member of the Remuneration and Appointments Committee
and member of the Audit Committee

Renato Ruggiero
Director
and member of the Remuneration and Appointments Committee

BOARD OF STATUTORY AUDITORS (2)

Antonio Ortolani
Chairman

Alberto Lazzarini
Statutory Auditor

Giuseppe Pajardi
Statutory Auditor

Alberto Giarrizzo Garofalo
Deputy Auditor

Gianpaolo Porcu
Deputy Auditor

Paolo Proserpio
Deputy Auditor

INDEPENDENT AUDITORS (3)

Reconta Ernst & Young S.p.A.

(1) The Board of Directors, totalling nine members, was appointed on 24 April 2007 by the shareholders' meeting and will remain in post for the period 2007-2009; Luca Garavoglia was confirmed as chairman, and granted powers in accordance with the law and the company's articles of association.
On 8 May 2007 the Board of Directors appointed Robert Kunze-Concewitz as Chief Executive Officer.
The board of directors' meeting of 8 May 2007 vested managing directors Paolo Marchesini and Stefano Saccardi with the following powers for three years until approval of the 2009 accounts:
– with individual signature: powers of ordinary representation and management, within the value or time limits established for each type of function;
– with joint signature: powers of representation and management for specific types of function, within value or time limits deemed to fall outside ordinary activities.
On 23 July 2007, following the resignation of director Vincenzo Visone, Robert Kunze-Concewitz was appointed member of the Board of Directors and Managing Director, with similar powers to those granted to Paolo Marchesini and Stefano Saccardi.

(2) The Board of Auditors was appointed by the shareholders' meeting of 24 April 2007, and will remain in post until the approval of the 2009 accounts.

(3) The shareholders' meeting of 24 April 2007 also confirmed the appointment of the company to audit the 2007, 2008 and 2009 accounts.

SIGNIFICANT EVENTS IN THE PERIOD

Industrial restructuring

On 10 January 2007, the Campari Group announced its decision to halt production at the Sulmona facility, and to transfer its operations to other sites.

The Sulmona factory became part of the Group following the acquisition of Bols in 1995, and has never reached a sustainable level of efficiency, despite investments made and the transfer of production, and despite efforts to find new manufacturing opportunities, including on behalf of third parties.

Following the dramatic decline in the ready-to-drink market and the general downturn in the non-alcoholic fizzy drinks market, capacity utilisation at the Sulmona plant had fallen so low that it could not continue operating.

The Company has a long tradition of working closely with trade unions to minimise the social consequences of its unavoidable financial decisions; with this in mind, and in order to ease the impact of the closure on staff, it has undertaken, in partnership with workers' representatives, to set out a programme of alternative and support measures.

On 15 June 2007, a meeting was held at the Ministry of Economic Development to discuss the Sulmona plant, attended by national and regional representatives of trade union organisations, directors of Davide Campari-Milano S.p.A., representatives of the Region of Abruzzo, the Province of Aquila, the municipality of Sulmona, the Association of Industries of the province of Aquila and Assolombarda.

The Company is prepared to continue production at the facility until 30 September 2007, and has also accepted the proposal to play an active role in the site's reindustrialisation, continuing its direct involvement in the search for companies operating in the food or other sectors to take over the site.

On 28 June 2007, the Company and the trade union organisations signed an agreement that defines the measures and instruments designed to limit the social impact of the planned cessation of production activities at the Sulmona site.

On 11 July 2007, at the Ministry for Economic Development, all the parties involved in the agreement of 15 June ratified a memorandum of understanding for the re-industrialisation of the Sulmona site, which includes the respective commitments and the measures and instruments that can be used to manage the problems relating to staff redundancies resulting from the cessation of activity.

On 27 July 2007, at the Ministry of Work and Social Security, the Company and Trade Unions reached an agreement to support the request to implement the extraordinary temporary unemployment compensation scheme (CIGS) for the workers at the Sulmona plant, in accordance with the laws in force.

New trading company in China

February 2007 saw the launch of the Campari (Beijing) Trading Company, 100%-owned by the Campari Group, based in Beijing.

The company was set up with the aim of seizing the significant opportunity offered by the Chinese market. It will comprise two separate units, which will be responsible respectively for distributing the Group's wines and spirits.

The Campari (Beijing) Trading Company will distribute wines produced locally by Qingdao Sella & Mosca Winery Co. Ltd. (of which the Group owns 93.67%), as well as imported wines from Sella & Mosca, Chateau Lamargue and Teruzzi & Puthod.

New company in Argentina

Following the acquisition of the Old Smuggler brand, concluded on 15 March 2006 at the same time as that of Glen Grant, a ruling by the antitrust authority on 12 March 2007 gave the Group the go-ahead to acquire the Old Smuggler brand for distribution also on the important Argentinian market.

As a result, Campari Argentina S.R.L., a company set up in 2006 and 100%-owned by the Group, became operational.

The company imports malt from Scotland, and co-ordinates the production and sale of Old Smuggler whisky locally via an external bottling plant and an external distributor.

Ordinary shareholders' meeting of the Parent Company

On 24 April 2007, the shareholders' meeting of Davide Campari-Milano S.p.A. approved the full-year results for the year ending 31 December 2006 and agreed the distribution of a dividend of € 0.10 per share, which was unchanged from last year.

The shareholders' meeting also:

– appointed the Board of Directors for the three-year period 2007-2009, comprising Eugenio Barcellona, Luca Garavoglia, Paolo Marchesini, Marco P. Perelli-Cippo, Stefano Saccardi and Enzo Visone, as well as Enrico Corradi, Cesare Ferrero and Renato Ruggiero who serve as independent directors; Luca Garavoglia was confirmed as Chairman of the Company;
– appointed the Board of Statutory Auditors, also for 2007-2009, comprising Antonio Ortolani as Chairman, and Alberto Lazzarini and Giuseppe Pajardi as Permanent Auditors, as well as Alberto Giarrizzo Garofalo, Gianpaolo Porcu and Paolo Proserpio as Deputy Auditors;
– approved the extension of the audit appointment for Reconta Ernst & Young S.p.A. for the three-year period 2007-2009;
– authorised the Board of Directors to purchase and/or sell own shares to be used primarily for stock option plans; authorisation was requested for the purchase and/or sale of shares not exceeding 10% of share capital including existing own shares.

Merger of Glen Grant S.r.l. into the Campari Group

During the year, it was decided to merge the 100%-owned subsidiary Glen Grant S.r.l., owner of the Glen Grant brands, into the Parent Company, Davide Campari-Milano S.p.A.

The aim was to continue streamlining the Group by reducing the number of companies.

The merger was completed on 20 July 2007, and will be effective for accounting purposes from 1 September 2007 and for tax purposes from 1 January 2007.

Acquisition of Cabo Wabo Tequila

On 7 May 2007 the Campari Group announced that it had signed an agreement to acquire an 80% stake in Cabo Wabo Tequila.

The transaction, due to be completed in January 2008, is worth US$ 80 million (around € 60 million at current exchange rates), equivalent to a multiple of 11.8x projected EBITDA for 2007.

The Group will have the opportunity to acquire the remaining 20% of Cabo Wabo Tequila in two tranches of 15% and 5% through call / put options that can be exercised in 2012 and 2015 respectively.

Cabo Wabo, an important ultra-premium tequila brand with a reputation for extremely high quality, has won several prizes.

The product range includes Cabo Wabo Reposado, Cabo Wabo Añejo, Cabo Wabo Blanco and the new ultra luxury brand, Cabo Uno, which is barrel-aged for three years.

With a sales volume of around 70,000 nine-litre cases, primarily in the United States, Cabo Wabo is one of the fastest-growing brands in the US spirits market.

Cabo Wabo is a strategic acquisition for the Group since it will contribute significantly to strengthening the portfolio of ultra-premium brands in the US market and to increasing the focus on tequila as a result of owning a brand in one of the categories with the highest growth rates in the US spirits market.

The creator and majority shareholder of Cabo Wabo is rock star Sammy Hagar who created the company in 1996.

Hagar is a tequila connoisseur, and in recent years has been an ambassador for the Cabo Wabo brand and the creative force behind its success.

Following completion of the transaction, Sammy Hagar and his partner Marco Monroy will continue to own 20% of the company, and Hagar will remain personally involved in decisions regarding product quality and promotional activities for the business aimed at increasing brand awareness and sales in the US and the rest of the world.

Management

Following Enzo Visone's decision to resign from his position, the Board of Directors of Davide Campari-Milano S.p.A. appointed Bob Kunze-Concewitz as Chief Executive Officer of the Campari Group.

Austrian Robert Kunze-Concewitz, 40, was selected internally to provide continuity: he has been in the Campari Group since 2005, and as Group Marketing Officer he specifically looked after the development and implementation of new marketing strategies for the Group's most important brands in all markets. He completed his schooling in France, graduated with honours in the US and then obtained an MBA in the UK; he speaks five languages and has worked in Italy, Germany, the UK, France, the Benelux countries, the US and Switzerland.

Before joining Campari, he held positions with growing levels of responsibility at Procter & Gamble, rising to the position of Corporate Marketing Director of the Global Prestige Products Division.

SALES PERFORMANCE

Overall performance

In the first half of 2007, sales totalled € 440.6 million, an overall increase of 5.4% compared with the same period of last year.

This result can be considered very positive given that organic sales growth (at constant exchange rates and on a same-structure basis) was 10.7%, while external growth and exchange rate effects had a negative impact of 2.9% and 2.3% respectively.

	€ million	% compared to first half of 2006
– Net sales in the first half of 2007	440.6	-
– Net sales in the first half of 2006	417.8	
Total change	**22.8**	**5.4%**
of which:		
organic growth	44.6	10.7%
external growth	–12.1	–2.9%
exchange rate effect	–9.7	–2.3%
Total change	**22.8**	**5.4%**

The double-digit organic growth registered was due to a good performance from all the Group's main brands, especially Campari, SKYY Vodka, Aperol and the Brazilian brands in the spirits business, and Cinzano vermouth and sparkling wines in the wines segment.

External growth was down € 12.1 million (–2.9%), after sales of Lipton Ice Tea on the Italian market were suspended.

At the end of last year, Campari Italia S.p.A. and Unilever agreed not to renew the distribution contract for Lipton Ice Tea brand products after it expired in December.

Therefore, in calculating the organic growth generated by the Group in 2007, last year's sales of this brand are considered a negative component of external growth.

In the first half 2007 the impact was a particularly significant € 18.3 million, owing to the concentration of sales of this product in the second quarter of the year.

However, in the first half of the year, the Company also registered positive external growth of € 6.2 million, of which € 4.0 million was due to the Glen Grant, Old Smuggler and Braemar brands. The acquisition of these brands was completed on 15 March 2006.

The table below shows a breakdown by brand of sales under external growth.

Sales - first half of 2007: breakdown of external growth	€million
Glen Grant, Old Smuggler and Braemar	4.0
Sub-total: Group brands	4.0
Suspended distribution of Lipton Ice Tea in Italy	–18.3
Other third-party brands	2.2
Sub-total: third-party brands	–16.1
Total external growth	**–12.1**

The trend in average exchange rates in the first half of 2007 compared with that registered in the previous period had a negative effect of 2.3% on first-half sales.

This was due mainly to the rise of the euro against the US dollar, which declined by 7.6%.

The table below shows the average exchange rates for the currencies of greatest importance for the Group.

Average exchange rates in the first half	2007	2006	% change
US$ x € 1	1.329	1.229	
€ x US$	0.7522	0.8137	–7.6%
BRL x € 1	2.719	2.693	
€ x BRL 1	0.3678	0.3714	–1.0%
CHF x € 1	1.632	1.561	
€ x 1 CHF	0.6128	0.6405	–4.3%
JPY x 1 €	159.644	142.155	
€ x 1000 JPY	6.2640	7.0346	–11.0%
GBP x 1 €	0.675	0.687	
€ x 1000 GBP	1.4822	1.4556	1.8%

Sales by region

During the first half all regions posted an extremely positive sales performance.

Organic growth was a healthy 10.7% overall, thanks to increases that ranged from 8.0% in Italy to 18.3% in Europe.

The first table below shows the breakdown and growth of sales by region, while the second breaks down the overall change in each region by organic growth, external growth and the effect of exchange rate movements.

	First half of 2007		First half of 2006		% change
	€ million	%	€ million	%	2007 / 2006
Italy	192.6	43.7%	194.2	46.5%	–0.8%
Europe	86.5	19.6%	69.5	16.6%	24.5%
Americas	143.3	32.5%	137.5	32.9%	4.2%
Rest of the world and duty free	18.2	4.1%	16.6	4.0%	9.5%
Total	**440.6**	**100.0%**	**417.8**	**100.0%**	**5.4%**

Breakdown of % change	Total % change	organic growth	external growth	exchange rate effect
Italy	–0.8%	8.0%	–8.8%	0.0%
Europe	24.5%	18.3%	6.4%	–0.3%
Americas	4.2%	10.5%	0.3%	–6.6%
Rest of the world and duty free	9.5%	11.4%	0.4%	–2.3%
Total	**5.4%**	**10.7%**	**–2.9%**	**–2.3%**

In **Italy**, where organic growth of 8.0% was entirely offset by a negative external growth figure of 8.8%, total first-half sales declined by 0.8%.

On a same-structure basis, organic growth was boosted by a highly positive sales performance from Campari, Aperol and Cinzano (both sparkling wines and vermouth).

The negative net change was due to the third-party brand Lipton Ice Tea, which the Group stopped distributing at the end of 2006, and which was only partly offset by the external growth relating to Glen Grant.

Europe put in by far the best performance during the period, with total growth of 24.5%.

On a same-structure basis and at constant exchange rates, sales rose by 18.3%, due to a positive performance in all the main markets.

Particularly noteworthy were Russia, which generated excellent growth (due mainly to sales of Cinzano vermouth), and Germany, which did well thanks to Campari and Cinzano sparkling wines.

External growth was positive, at 6.4%, due to the start-up of distribution of the third-party vodka brand Russky Standart in Germany and Switzerland, which generated results far above expectations, and to the sale of Glen Grant products.

The **Americas** posted sales growth of 4.2% overall, as a negative exchange rate effect of 6.6% eroded a large part of the excellent organic sales growth of 10.5%.

The two tables below show a further breakdown of sales in this region which, thanks to the Group's major presence on the US and Brazilian markets, account for about a third of total business.

	First half of 2007		First half of 2006		% change
	€ million	%	€ million	%	2007 / 2006
US	106.2	74.1%	104.1	75.7%	2.1%
Brazil	31.1	21.7%	28.3	20.6%	9.9%
Other countries	6.0	4.2%	5.2	3.8%	16.6%
Total	**143.3**	**100.0%**	**137.5**	**100.0%**	**4.2%**

Breakdown of % change	Total % change	organic growth	external growth	exchange rate effect
US	2.1%	9.8%	0.5%	–8.2%
Brazil	9.9%	11.0%	–0.1%	–1.1%
Other countries	16.6%	20.5%	0.0%	–3.9%
Total	**4.2%**	**10.5%**	**0.3%**	**–6.6%**

Sales in the **US** continued to post excellent organic growth (9.8%), thanks to a good result from the core brand SKYY Vodka and a number of third-party brands distributed by the Group.

External growth was slightly positive, at 0.5%, and was due to sales of Old Smuggler Scotch whisky, which the group acquired last year.

However, the sharp decline in the value of the US dollar during the first half led to a negative exchange rate effect of 8.2%, which reduced overall sales growth in the region to 2.1%.

First-half performance was also excellent in **Brazil**, where sales jumped by 9.9%.

Organic growth was 11.0%, and followed a good result from all the most important brands, particularly Campari and Dreher, while the Brazilian real declined only slightly, producing a negative impact of 1.1%.

Other countries in the Americas also did well in the first half of 2007, and total sales went up by 16.6% (+20.5% at constant exchange rates).

This result was mainly attributable to Canada, with SKYY Vodka, and to Argentina, with the start-up of sales of Old Smuggler Scotch whisky.

Sales in the **rest of the world and duty free** sales grew by 9.5% in the first half (+11.4% at constant exchange rates), thanks to a good performance from the duty free channel.

The performances of Australia and Japan, the two most important markets in the area, were positive and negative respectively.

Sales by business area

Sales in all business areas, at constant exchange rates and on a same-structure basis, showed significant growth in the first half of 2007.

The comparison with last year also remains extremely positive in real terms; only the soft drinks business saw a contraction, due entirely to the termination of distribution of Lipton Ice Tea.

The first of the two tables below shows growth in sales by business area, while the second breaks down the overall change in each segment by organic growth, external growth and the effect of exchange rate movements.

	First half of 2007		First half of 2006		% change
	€ million	%	€ million	%	2007 / 2006
Spirits	318.7	72.3%	293.2	70.2%	8.7%
Wines	56.9	12.9%	47.5	11.4%	19.7%
Soft drinks	57.4	13.0%	71.9	17.2%	–20.2%
Other sales	7.6	1.7%	5.1	1.2%	47.2%
Total	**440.6**	**100.0%**	**417.8**	**100.0%**	**5.4%**

Breakdown of % change	Total % change	organic growth	external growth	exchange rate effect
Spirits	8.7%	10.2%	1.7%	–3.2%
Wines	19.7%	20.2%	0.0%	–0.5%
Soft drinks	–20.2%	5.3%	–25.5%	0.0%
Other sales	47.2%	24.6%	22.4%	0.2%
Total	**5.4%**	**10.7%**	**–2.9%**	**–2.3%**

Spirits

Sales of spirits totalled € 318.7 million, an overall advance of 8.7% on the first half of 2006. Stripping out the contribution of external growth (+1.7%) and negative exchange rate effects (–3.2%), organic growth in this segment was 10.2%, reflecting a healthy performance from all the Group's main brands.

The first half of the year was highly positive for sales of **Campari** which went up by 10.6% at constant exchange rates (9.7% at actual rates).

Growth was due to a good performance in the three main markets of Italy, Germany and Brazil, and in other important European markets such as France and Greece.

Note that in the second half of 2007, some markets will be hit by an unfavourable comparison with sales in the same period of 2006, which were particularly high as distributors rebuilt their stocks following the introduction of new packaging.

The **SKYY** brand (SKYY Vodka and flavoured lines) generated first-half sales growth of 13.3% at constant exchange rates.

At actual exchange rates, growth was 5.4% due to the combined effect of the high concentration of sales in the US and the negative effect of US dollar depreciation.

Sales of the SKYY brand are still growing strongly both in the US and in other countries: sales were particularly positive in the three main export markets of Italy, Germany and Canada, where the Group has successfully stepped up its marketing activities.

Sales of **CampariSoda**, which are almost entirely concentrated on the Italian market, rose by 2.6% in the first half.

In the second quarter, which was particularly positive, with a much better performance than in the first quarter, a new and original press and billboard advertising campaign was launched.

Sales of **Aperol** jumped by 23.7% in the first half of the year.

The brand continues to register an exceptional growth trend, due partly to the expansion of distribution to new, high-potential European markets, and partly to continuing double-digit growth on the Italian market, which still accounts for almost 90% of the brand's sales.

The first half of 2006 was also an especially strong one for sales of **Aperol Soda,** a product sold exclusively on the Italian market.

Sales of the Brazilian brands went up by 9.2% at constant exchange rates (8.1% at actual rates).

Dreher aguardiente in particular posted an excellent result in the first half, and its short-term prospects look very good.

Sales of **Glen Grant** and **Old Smuggler** Scotch whiskies for the period 1 January to 15 March 2007 were recorded under external growth, so first-half organic growth in fact relates only to the second quarter.

Taking this into account, the two brands posted excellent organic growth of more than 50%, although it should be noted that their performances benefited from the fact that sales in the second quarter of last year were hit by high stock levels at the time of the acquisition, introduced onto the market by the brand's previous owner.

Sales of **Ouzo 12** went up by 1.1%, thanks to good results from the brand in Germany and other international markets, which contrast with a poor performance in its domestic market of Greece.

First-half sales of **Cynar** rose by 4.8% at constant exchange rates, and 3.8% at actual rates.

Looking at its three main markets, sales rose in Brazil and Switzerland and fell in Italy.

Sales of **Campari Mixx**, distributed only on the Italian market, fell slightly, by 4.9%, in the first half of 2007.

Now that the sharp decline in the ready-to-drink market seen in the past few years has come to an end, this brand is expected to carve out a healthy niche in the market, with lower sales volumes but good profitability.

As for the Group's other spirit brands, sales rose for Zedda Piras (Mirto di Sardegna) and fell for Biancosarti.

First-half sales of the main **third-party brands** distributed by the Group were as follows:

- Jack Daniel's, mostly distributed on the Italian market, performed very well (+12.4%);
- sales of Jägermeister, again on the Italian market, were up 2.4%;
- Scotch whisky sales fell by 16.8% at constant exchange rates (–22.4% at actual exchange rates), with the decline largely attributable to Cutty Sark in the US;
- sales of **1800 Tequila** rose by 10.9% in local currency in the United States (+2.6% at actual exchange rates);
- C&C brands, distributed mainly in the US, put in a flat performance of +0.4% at constant exchange rates (–6.7% at actual exchange rates);
- Suntory brands, also mainly sold in the US, posted sales growth of 11.7% (+3.8% at actual exchange rates).

Wines

The first half of 2007 was extremely positive for the Campari Group's wines business, with sales rising 19.7% year-on-year to € 56.9 million.

There was no change in the basis of consolidation during the period, and exchange rates had a negative impact of only 0.5%; as a result, organic growth stood at 20.2%.

Although almost all the Group's brands increased their sales, the excellent performance posted by the wines business was due chiefly to strong growth by the Cinzano brand.

Sales of **Cinzano vermouth** shot up by 43.2% year on year (42.2% at actual exchange rates). The expansion of distribution and the major promotional and advertising investments made in previous years are generating the expected results, and consumption of the brand has risen on all the main markets, including Russia, Germany, Italy and Spain.

Note that in Russia, which registered the biggest rise in sales, the first-half performance was due partly to severe delivery delays at the start of last year following changes in the law.

Sales of **Cinzano sparkling wines** also posted solid double-digit growth (25.3% at constant exchange rates and 24.8% at actual exchange rates), thanks to the good results achieved on the two main markets, Germany and Italy.

The repositioning of the brand in Germany is bearing fruit, and the double-digit growth was registered in an important period for sparkling wines.

Sales growth was just as good in Italy, but in this case the results for the first few months of the year are less meaningful due to these products' highly seasonal nature.

Sella & Mosca wines posted first-half growth of 4.6% (at both constant exchange rates and actual exchange rates), following a positive performance on international markets such as the US and Germany.

It was a good first half for **Mondoro** and **Riccadonna** too, which posted excellent performances in their respective core markets of Russia and Australia, and for **Cantina Serafino** wines in Italy.

Teruzzi & Puthod wines saw their sales fall year-on-year, as a reorganisation of some distributors of these products on the international markets is still under way.

Soft drinks

Soft drinks recorded sales of € 57.4 million in the first half of 2007.

This was an increase of 5.3% on the same period of last year on a same-structure basis, and a decline of 20.2% taking into account the negative effect of the end of distribution of the third-party brand Lipton Ice Tea.

Sales of all brands in this business area were positive.

A particularly good result (5.5%) came from **Crodino**, which continues to register positive growth on the Italian market.

Sales of **Lemonsoda, Oransoda and Pelmosoda** went up by 8.2%, thanks partly to better weather than last year.

This factor also contributed to the growth posted by **Crodo** mineral waters.

Other sales

In the first half of 2007, other sales (which include co-packing revenues and sales of raw materials and semi-finished goods to third parties) grew by 47.2% to € 7.6 million.

The increase was almost entirely due to sales of malt distillate produced and sold by Glen Grant Distillery Company Ltd. to the Pernod Ricard group based on the agreements signed at the time of the Glen Grant acquisition.

Note that, as regards these sales, only the growth registered in the second quarter of 2007 is included in the calculation of organic growth, since sales in the period from 1 January to 15 March 2007, the date on which the Glen Grant acquisition was concluded, are recorded as external growth.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

In the second quarter, the Campari Group confirmed the positive growth trend recorded in the first quarter. EBIT went up by 6.1% in the first six months compared with the same period of last year.

	First half 2007		First half 2006		Change
	€ million	%	€ million	%	%
Net sales	**440.6**	**100.0%**	**417.8**	**100.0%**	**5.4%**
Cost of goods sold	(185.0)	–42.0%	(181.6)	–43.5%	1.9%
Gross profit	**255.6**	**58.0%**	**236.3**	**56.5%**	**8.2%**
Advertising and promotional costs	(79.8)	–18.1%	(70.9)	–17.0%	12.6%
Sales and distribution costs	(52.1)	–11.8%	(50.0)	–12.0%	4.1%
Trading profit	**123.7**	**28.1%**	**115.3**	**27.6%**	**7.2%**
General and administrative expenses and other operating expenses and income	(31.0)	–7.0%	(29.4)	–7.0%	5.5%
EBIT before one-offs	**92.7**	**21.0%**	**86.0**	**20.6%**	**7.9%**
Other one-offs: income and charges	(1.6)	–0.4%	(0.1)	0.0%	2037.9%
EBIT	**91.1**	**20.7%**	**85.9**	**20.6%**	**6.1%**
Net financial income (charges)	(8.5)	–1.9%	(5.5)	–1.3%	55.7%
Profit (loss) of companies valued at equity	0.1	0.0%	(0.0)	0.0%	–700.9%
Profit before tax	**82.7**	**18.8%**	**80.4**	**19.2%**	**2.8%**
Tax	(25.7)	–5.8%	(22.5)	–5.4%	14.2%
Net profit	**57.0**	**12.9%**	**57.9**	**13.9%**	**–1.6%**
Minority interests	(0.0)	0.0%	(2.3)	–0.6%	–97.9%
Group net profit	**56.9**	**12.9%**	**55.5**	**13.3%**	**2.5%**
Total depreciation and amortisation	(9.7)	–2.2%	(9.3)	–2.2%	3.8%
EBITDA	**100.8**	**22.9%**	**95.2**	**22.8%**	**5.9%**
EBITDA before one-offs	**102.4**	**23.2%**	**95.3**	**22.8%**	**7.5%**

Net sales in the first half stood at € 440.6 million.

As stated earlier, the total rise of 5.4% was the result of solid organic growth of 10.7%, partially offset by negative external growth and exchange rate effects, which had an impact of 2.9% and 2.3% respectively.

The **cost of goods sold** went up by only 1.9%, and fell as a proportion of sales by 1.5 percentage points, from 43.5% in the first half of last year to 42.0% in the same period of 2007.

This performance was largely due to a change in the sales mix in the two periods under comparison, most notably as a result of the termination of distribution of Lipton Ice Tea, a brand accounting for a higher proportion of the cost of goods sold than the Group average.

Stripping out this effect, the cost of goods sold in the first half was 0.6 percentage points higher than last year as a proportion of sales, owing partly to a sharp rise in the price of some raw materials including glass and alcohol.

It should be noted that the impact on costs of the recently-announced closure of the Sulmona plant will not be seen until the end of 2007.

Advertising and promotional costs stood at 18.1% of sales, an increase of 1.1 percentage points on the 17.0% figure posted in 2006.

Most of the increase (0.8 points) was due to the change in the basis of consolidation following the loss of Lipton Ice Tea, while the remaining 0.3 percentage points were due to increased advertising spending on the Group's brands.

In 2006, the high promotional expenditure on Lipton Ice Tea was almost completely offset by trade allowances received from Unilever, the brand's owner; as a result, the net impact of these costs on the Group's profit and loss account was minimal, thus limiting advertising and promotional costs as a percentage of sales.

Stripping out sales and advertising and promotional costs relating to Lipton Ice Tea, advertising as a percentage of sales in 2006 would have been higher than the 17.5% recorded, at 18.1%.

Sales and distribution costs fell slightly as a proportion of sales, from 12% in the first half of 2006 to 11.8% in 2007.

Sales and marketing costs are partly fixed, so their percentage weighting tends not to rise as rapidly as the sales figure.

Note however that in 2006 the Group began increasing its sales and marketing expenditure in the main international markets (especially the US), a process which is still ongoing, and this has partly offset the general trend.

Trading profit for the first half of 2007 was € 123.7 million, a 7.2% advance on the same period of last year, attributable to:

- organic growth of 7.9%;
- external growth of 1.5%;
- a negative exchange rate effect of 2.2%.

Note that the change in the basis of consolidation had significantly different effects on sales and on profitability.

The net effect on sales of the change in the basis of consolidation was negative (–2.9%) since the impact of the loss of Lipton Ice Tea was greater than the contribution from Glen Grant and other brands that generated external growth.

On the other hand, the new brands' earnings more than offset the profitability lost from the termination of distribution of Lipton Ice Tea (a low-margin brand), and thus, the net impact of external growth on the Group's trading profit was positive, at 1.5%.

General and administrative expenses and other operating income and charges went up by 5.5% versus the first half of 2006, but remained unchanged as a proportion of sales, at 7.0%.

It should be noted that in the first half of this year the Group incurred higher expenses for newly allocated stock options than it did in the same period of 2006, and these accounted for 1.6% of the increase.

EBIT before one-offs was € 92.7 million in the first half of 2007, an increase of 7.9% compared to the same period last year.

One-offs showed net charges of € 1.6 million during the first half, compared with net charges of € 0.1 million in the same period of last year.

In 2007 this item included charges relating to changes in the Group's management, and capital gains on the sale of real estate.

EBIT stood at € 91.1 million, an increase of 6.1% on the same period of 2006, while the EBIT margin was 20.7%.

Total **depreciation and amortisation** charges recorded in the period were € 9.7 million, an increase of 3.8% on the figure of € 9.3 million posted last year.

As a result, **EBITDA before one-offs** increased by 7.5% to € 102.4 million, while **EBITDA** rose 5.9% to € 100.8 million.

Net financial income and charges showed net charges of € 8.5 million in the first half of the year, up from € 5.5 million in the same period of 2006.

The figures include exchange rate differences which were positive in both periods, at € 0.1 million in the first half of 2007 and € 0.7 million in the first six months of 2006.

Net interest charges in the period were € 8.6 million, versus € 6.2 million in the first half of 2006. The increase was due both to higher interest rates in the major currencies and to a rise in average debt in the first half of this year following the acquisition of Glen Grant and the minority shares in Skyy Spirits, LLC.

However, the depreciation of the US dollar against the euro cushioned the negative impact to some extent by reducing financial charges for the portion of debt denominated in the US currency.

The Group's share of **profits or losses of companies valued at equity** showed a positive figure of € 0.1 million, in line with the result posted last year.

The companies accounted for by the equity method are trading joint ventures that distribute products made by the Group and its partners in major European markets.

Profit before tax and minority interests grew 2.8% compared to the same period last year, to € 82.7 million.

Tax for the period stood at € 25.7 million, an increase on last year both in absolute terms and as a percentage of pre-tax profit.

The reasons for the rise in tax include:

- a higher tax rate for the Group's Italian companies due to new laws on the non-deductibility of charges;
- an increase in the percentage weighting of US-generated profits pertaining to the Group, which carry a higher tax rate than the Group average, together with the cancellation of minorities' portion of Skyy Spirits, LLC's earnings, which are affected by the local system of tax transparency;
- higher current tax in Brazil.

As a direct result of the larger tax burden **net profit** fell by 1.6% year-on-year to € 57.0 million.

Following the acquisition of the remaining stake in Skyy Spirits, LLC at the end of 2006, **minority interests** in the Group's profit and loss account were negligible: in the first half of 2007, the figure was less than € 0.1 million, compared with € 2.3 million for the first half of last year.

As a result, **Group net profit** in the first half of 2007, which benefited from the 100% consolidation of Skyy Spirits, LLC's profit, came in at € 56.9 million, a 2.5% rise on the same period of last year.

PROFITABILITY BY BUSINESS AREA

IAS 14 states that financial information should be provided in relation to both business area and region, and that companies must determine which of these is the primary reportable segment, and therefore subject to greater disclosure.

The Campari Group's primary reportable segment is business area, where its results are broken down into spirits, wines, soft drinks and other sales.

An analysis of the financial results for each of these four business areas is therefore given.

Trading profit is considered the best measure of the performance of individual areas, as it shows the profitability generated by the revenues and costs that is almost entirely directly attributable to individual brands.

In the first half of 2007 consolidated trading profit was € 123.7 million, an increase of 7.2% compared to the same period last year.

The table below shows a breakdown of trading profit for each business area.

	First half 2007		First half 2006		2007 / 2006
	€ million	% of total	€ million	% of total	% change
Spirits	97.7	79.0%	94.1	81.6%	3.8%
Wines	5.9	4.7%	4.3	3.8%	34.9%
Soft drinks	18.9	15.3%	15.7	13.6%	20.5%
Other	1.3	1.0%	1.2	1.1%	4.3%
Trading profit - all segments	**123.7**	**100.0%**	**115.3**	**100.0%**	**7.2%**

Spirits are the Group's most important business by both sales (72.3% of the total) and profit (79.0%).

Spirits also generate the highest margins (30.7%) of the Group's four business areas.

However, the two businesses that showed the highest year-on-year growth rates were wines and soft drinks, as shown in the tables below.

Spirits

Spirits generated a trading profit of € 97.7 million in the first half of 2007 (30.7% of net sales), an increase of 3.8% compared to the first half of last year.

	First half 2007		First half 2006		
	€ million	% of sales	€ million	% of sales	% change
Net sales	318.7	100.0%	293.2	100.0%	8.7%
Gross profit	196.5	61.7%	180.7	61.6%	8.8%
Trading profit	97.7	30.7%	94.1	32.1%	3.8%

Sales growth in the period was extremely positive, at 8.7% (10.2% considering constant exchange rates and the same basis of consolidation).

This increase was reflected in gross profit, which in turn went up by 8.8% (10.2% organic growth).

A good performance from the higher-margin brands Campari, SKYY Vodka and Aperol offset the rise in raw material costs during the period.

The smaller increase in trading profit (3.8% overall, with organic growth at 4.9%) was due to a rise in advertising and promotional costs during the period, including the costs of a new international advertising campaign for the Campari brand, which will also be used in the second half of the year.

Wines

Wines delivered a trading profit of € 5.9 million in the first half of 2007 (10.3% of sales), an increase of 34.9% on last year.

	First half 2007		First half 2006		
	€ million	% of segment sales	€ million	% of segment sales	% change
Net sales	56.9	100,0%	47.5	100,0%	19.7%
Gross profit	25.4	44,7%	22.3	46,9%	14.2%
Trading profit	5.9	10,3%	4.3	9,1%	34.9%

All the main brands sold very well in the period, especially Cinzano vermouth and sparkling wines.

The growth in the gross margin was more limited, however, at 14.2%, since it was affected by a higher cost of goods sold due to both a rise in the cost of glass and an unfavourable sales mix.

Advertising and promotional costs during the period were in line with last year in absolute terms, and so were much lower as a percentage of sales, which had a strongly positive effect on trading profit.

There were no changes in the basis of consolidation during the first half, and the negative impact of exchange rates on profitability in this business was negligible.

Soft drinks

Trading profit for the soft drinks business came out at € 18.9 million (32.9% of sales), a rise of 20.5% compared to the first half of last year.

	First half 2007		First half 2006		
	€ million	% of segment sales	€ million	% of segment sales	% change
Net sales	57.4	100.0%	71.9	100.0%	–20.2%
Gross profit	32.3	56.2%	31.8	44.2%	1.4%
Trading profit	18.9	32.9%	15.7	21.8%	20.5%

The performance of this business area was heavily affected by the termination of distribution of the third-party brand Lipton Ice Tea, which led to a 20.2% drop in sales; stripping out this effect, however, sales went up by 5.3%.

The change in the basis of consolidation had a positive effect on gross profit in the first half of 2007, since Lipton Ice Tea's cost of goods sold was significantly higher than the average figure for this business area.

As a result, gross profit went up slightly, by 1.40%, while as a percentage of sales it jumped sharply, from 44.2% last year to 56.2%.

The strong growth of 20.5% in trading profit was due to lower advertising expenditure.

Whereas the Crodino brand is still being heavily advertised, spending on the promotion of fizzy drinks has been reduced.

Other sales

The "other sales" segment, which includes co-packing and sales of raw materials and semi-finished goods to third parties, registered sales of € 1.3 million in the first half, an increase of 4.3%.

The strong growth followed the recent acquisition of Glen Grant, and was entirely due to the sale to third parties of malt distillate produced by Glen Grant Distillery Company Ltd.

Profitability went up, but was hit by a decline in co-packing during the period.

	First half 2007		First half 2006		
	€ million	% of segment sales	€ million	% of segment sales	% change
Net sales	7.6	100.0%	5.1	100.0%	47.2%
Gross profit	1.4	18.5%	1.5	29.0%	–6.2%
Trading profit	1.3	17.1%	1.2	24.2%	4.3%

FINANCIAL SITUATION

Cash flow statement

The table below shows a simplified and reclassified cash flow statement (see the section containing the financial statements for the full cash flow statement).

The main reclassification is the exclusion of cash flows relating to changes in short-term and long-term debt, and in investments in marketable securities: as a result, the total cash flow used (or generated) in the first six months of the year coincides with the change in net debt between 1 January and 30 June.

In the first half of 2007, the Group generated net cash flow of € 51.5 million, a very positive result compared to the same period of last year, when the figure was negative (€ –108.1 million), although this was entirely due to the acquisition of Glen Grant, Old Smuggler and Braemar for € 128.9 million.

Cash generation during the period also benefited from a considerable improvement in free cash flow, which more than doubled versus the first half of 2006.

	First half 2007 € million	First half 2006 € million
Net profit	56.9	55.5
Depreciation and amortisation and changes in non-cash items	12.0	10.2
Changes in tax payables and receivables and in non-financial assets and liabilities	16.2	2.1
Cash flow from operating activities before changes in working capital	**85.1**	**67.8**
Changes in operating working capital	(14.3)	(27.3)
Cash flow from operating activities	**70.8**	**40.5**
Cash flow used for investment	**(6.8)**	**(9.5)**
Free cash flow	**64.0**	**30.9**
Acquisitions	(1.2)	(128.9)
Other changes	8.2	(0.1)
Dividend paid out by the Parent Company	(29.0)	(28.1)
Total cash flow from other activities	**(22.1)**	**(157.1)**
Exchange rate differences and other changes	9.5	18.1
Total net cash flow for the period = change in net debt	**51.5**	**(108.1)**
Net debt at the start of the period	(379.5)	(371.4)
Net debt at the end of the period	(328.0)	(479.5)

Notably, free cash flow for the first half of 2007 was € 64.0 million; € 70.8 million was generated by operating activities, of which € 6.8 million was used for investment (net of the proceeds of disposals).

Compared with the first half of last year (when free cash flow was € 30.9 million), there was also a positive change in tax payables and receivables and in non-financial assets and liabilities, and a smaller increase in operating working capital.

In the first half of 2007, industrial investments totalled € 13.2 million, up from € 10.0 million in the same period of 2006; in addition, sales of fixed assets were higher, at € 6.4 million versus € 0.4 million in 2006.

Regarding investments, the most significant amounts relate to the new site at Sesto San Giovanni (€ 5.6 million), to work carried out at the Novi Ligure and Crodo plants, to which the production currently carried out at Sulmona will be transferred, and to the completion of the vineyard plan for Sella & Mosca S.p.A.

The proceeds from disposals refer to the sale of a building in Brazil and of part of the premises at the disused plant at Termoli.

As for other cash flows, in addition to the € 29.0 million dividend payout and the € 8.2 million net proceeds from the sale of own shares, during the period the Group was able to complete the acquisition of Glen Grant, Old Smuggler and Braemar, which took place last year, with the finalisation of the purchase of the Old Smuggler brand for Argentina, for € 1.2 million.

Exchange rate differences and other minor changes had a positive impact of € 9.5 million.

Breakdown of net debt

Net debt at 30 June 2007 was € 328.0 million, which was a reduction on the € 379.5 million at 31 December 2006.

The main items generating the € 51.5 million reduction in net debt are referred to above in the section on the cash flow statement.

The table below highlights the structure of debt at the beginning and end of the period.

	30 June 2007 € million	31 December 2006 € million
Cash, bank and securities	187.7	240.3
Payables to banks	(113.0)	(209.3)
Real estate lease payables	(3.1)	(3.1)
Private placement and bond issue	(17.8)	(17.7)
Other financial payables	–	0.3
Short-term financial position	**53.8**	**10.4**
Payables to banks	(1.1)	(1.2)
Real estate lease payables	(14.4)	(16.0)
Private placement and bond	(364.2)	(370.6)
Other financial payables	(2.1)	(2.2)
Medium / long-term debt	**(381.8)**	**(390.0)**
Net debt	(328.0)	(379.5)

In particular, cash flow generated during the period improved the short-term financial position from € 10.4 million at 31 December 2006 to € 53.8 million at 30 June 2007.

The medium / long-term financial position was broadly unchanged over the period, at € 381.8 million versus € 390.0 million; the item largely relates to a bond issue and private placement. The € 8.2 million reduction in medium / long-term debt was largely due to both the change in fair value and the exchange rate effect, which at 30 June 2007 reduced the value of the private placement, issued in US dollars.

Group balance sheet

At 30 June 2007, the Group had invested capital of € 1,171.4 million, a very slight change versus 31 December 2006.

However, there was a change in the composition of the item and the sources of financing.

	30 June 2007 € million	31 December 2006 € million
Fixed assets	986.8	990.3
Other non-current assets and liabilities	(52.9)	(56.3)
Operating working capital	281.6	265.1
Other current assets and liabilities	(44.1)	(21.8)
Total invested capital	**1,171.4**	**1,177.3**
Shareholders' equity	843.4	797.8
Net debt	328.0	379.5
Total financing sources	**1,171.4**	**1,177.3**

The change in the composition of invested capital relates to the € 16.5 million increase in operating working capital, which was largely offset by the net increase of € 22.3 million in net debt registered under "other current assets and liabilities".

The increase in operating working capital was entirely natural in view of the positive business trend and seasonal factors.

The increase in current liabilities related to tax and excise duty, partly because of seasonal factors and partly owing to the positive trend in the spirits business.

The Group's financial structure improved, with an increase (€ 45.6 million) in shareholders' equity to € 843.4 million and a decrease (€ 51.5 million) in net debt to € 328.0 million.

This meant that the debt to equity ratio fell from 47.6% at 31 December 2006 to 38.9% at 30 June 2007.

EVENTS TAKING PLACE AFTER THE END OF THE PERIOD

Reorganisation of the Group's Italian wine companies

An extensive reorganisation of the Group's Italian wine companies is planned for the second half of the year, including the merger of Teruzzi & Puthod S.r.l. and Giannina S.r.l. into Sella & Mosca S.p.A. and the transfer of the Enrico Serafino wines business of the Parent Company Davide Campari-Milano S.p.A. into Sella & Mosca S.p.A.

These transactions, once complete, will further strengthen and rationalise the Group's wine business unit, which began operating on 1 January 2007.

On 11 July 2007, the relevant Boards of Directors approved the merger proposals and the transfer of the Enrico Serafino business activities.

Acquisition of X-Rated

On 1 August 2007 the Campari Group completed the acquisition of X-Rated, which includes: the super premium brand X-Rated Fusion Liqueur, the very high-end Jean-Marc XO vodka, and the ultra premium X-Rated vodka brand.

The cost of the transaction, which was announced on 19 July, was US$ 40 million (€ 29 million at the exchange rate in force at the time of the transaction); in addition, the agreement provides for a price adjustment to be paid over the next three years, based on the increase in volumes over the same period.

The transaction cost equates to a multiple of 9x the estimated contribution margin.

X-Rated Fusion Liqueur was launched in the US in 2004 by Jean-Marc Daucourt, the creator of multi-award winning spirits, and Todd Martin, the former Chairman of Allied Domecq North America, who are the main shareholders of X-Rated.

The three brands, which have delivered exponential growth since being launched, are currently distributed in the US by high-end spirits importer Daucourt Martin Imports, LLC.

X-Rated Fusion Liqueur is a unique product, bright pink in colour and marketed with a highly innovative approach. It is an exotic mix of French ultra premium vodka and blood oranges from Provence, plus mango and passion fruit; it is especially popular with women, and mostly used in cocktails.

"*Drink Pink*", the innovative marketing campaign for X-Rated Fusion Liqueur, has made this product one of the fastest growing in the sector, and in 2006, X-Rated was named "Best New Spirit" by Market Watch.

The high-end product Jean-Marc XO vodka is artisan made, obtained from four different types of French wheat and distilled nine times; it has won several awards and is the only vodka to have received the prestigious "International Five Star Diamond Award" from the American Academy of Hospitality Science.

Jean-Marc XO represents an opportunity for the Campari Group to further strengthen its position in the high-end vodka segment, which is the fastest growing in the US vodka market.

The ultra premium X-Rated vodka, the 2006 winner of the "Double Gold" prize, is a limited edition import from France, made from delicate French wheat and pink peppercorns.

Thanks to this acquisition, which came shortly after the purchase of Cabo Wabo Tequila, the Campari Group has further enhanced its range of super premium and ultra premium spirits, and strengthened its position in the US, a key market in the Group's international expansion strategy.

Termination of distribution agreement for 1800 Tequila and Gran Centenario

On 11 September 2007, the Campari Group announced that its distribution of the 1800 Tequila and Gran Centenario brands under licence in the US would end on 31 December.

From January 2008, the owner of the two tequila brands, the José Cuervo group, will manage them directly in the US market, via a wholly-owned subsidiary.

OUTLOOK

The overall performance of the Campari Group in the first half of the year was extremely positive in terms of both sales and profitability, which were supported by sound organic growth.

For the second half of the year, it is reasonable to assume that sales and results will continue to be positive, although certain contingent factors are likely to mean lower growth rates than in the first half.

These factors include:

– the unfavourable comparison with the excellent second half of 2006 as regards sales of major brands (Campari, and to a lesser extent, SKYY Vodka);
– the bigger impact of higher prices of certain raw materials;
– a greater proportion of investment being spent on communications;
– the possibility that the elasticity of sales to price changes might be greater than envisaged in markets in which it is considered appropriate to reposition certain brands.

Mitigating these risks, however, are the encouraging consumption trend in the main markets, the buoyancy of key markets, the positive effects on margins of the above-mentioned price increases, and the growth opportunities brought by the recent acquisitions, which give rise to a cautious optimism on short- and medium-term results.

INVESTOR INFORMATION

The first half of 2007 was favourable for most equity markets, with the continuation of the positive trend in place for over four years.

Europe continued on a solid growth path, with the MSCI Europe growing by 8.0%.

This performance was attributable to the positive economic trend, which contributed to the upswing in the equity markets.

The Italian market substantially underperformed this index, with the Mibtel adding only 3.1%.

The market was hit by its high exposure to the financial sector, as the difficulties linked to monetary policy tightening by the ECB, which raised interest rates to 4% in two moves (from 3.5% at the start of 2007), were compounded by the lacklustre housing sector.

The US equity market continued to benefit from an upbeat trend in corporate earnings: despite fears of a sharp economic slowdown, quarterly earnings showed solid growth.

However, concerns over the housing market and the potentially negative long-term impact of interest rate rises impacted on market performance.

In the first half of 2007, Campari shares, which are listed on the blue chips segment of the Italian stock market, advanced by 3.1% in absolute terms over the period compared with the closing price at 29 December 2006.

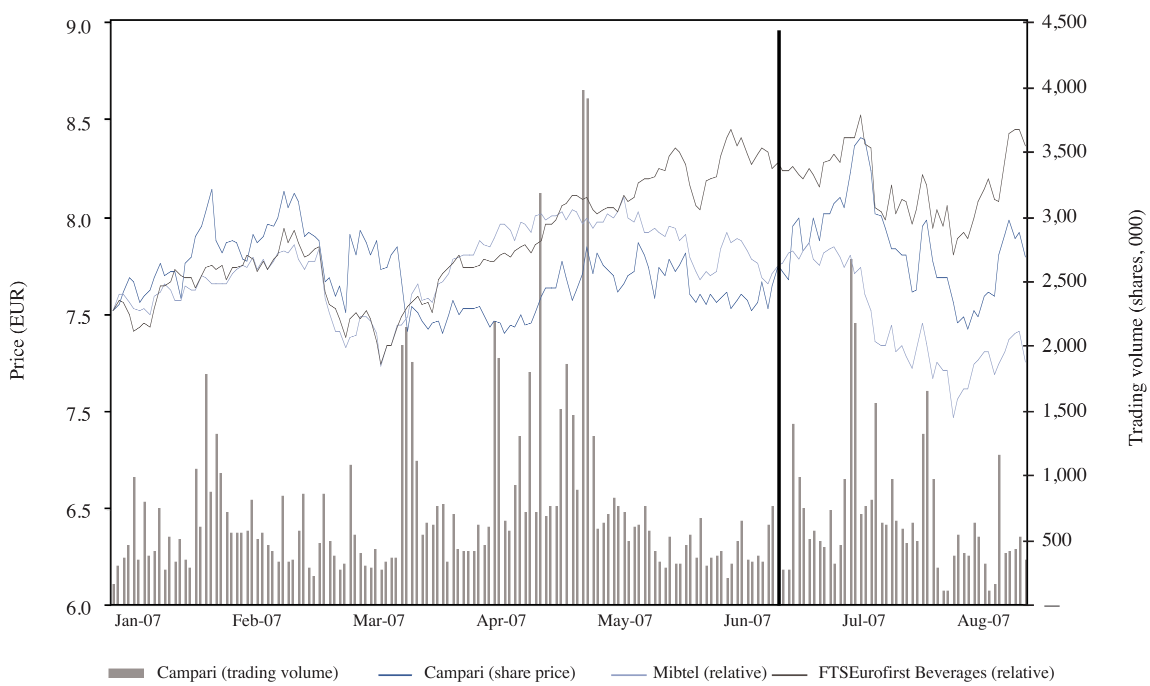
With respect to the main Italian market and sector indices, Campari shares performed broadly in line with the Mibtel, and outperformed the S&P/MIB by 1.9%, while it underperformed the Midex by 1.4% and the FTSEurofirst Beverages index by 7.0%.

The minimum and maximum closing prices over the period of € 7.40 and € 8.14 were recorded on 17 April and 26 January respectively.

An average of 739,000 shares were traded daily in the first half of 2007, with an average daily value of € 5.7 million.

At 29 June 2007, Campari's market capitalisation was € 2,251 million.

Performance of the Campari share price and the Mibtel and FTSEurofirst Beverages indices since 1 January 2007



Revised shareholder base

At 30 June 2007, the main shareholders were:

Shareholder (1)	No. of ordinary shares	% of share capital
Alicros S.p.A.	148,104,000	51.000%
Cedar Rock Capital	21,857,798	7.527%
Janus Capital Management	10,551,136	3.633%
Lazard Asset Management	6,036,870	2.079%

(1) No shareholders other than those indicated above have notified Consob and Davide Campari-Milano S.p.A. (as per article 117 of Consob regulation 11971/99 on notification of significant holdings) of having shareholdings greater than 2%.

Please note that following notifications received after the end of the period, Lazard Asset Management was no longer a main shareholder on the date this report was approved.

Stock information

On 24 April 2007 the shareholders' meeting approved the full-year results for 2006 and the distribution of a dividend of € 0.10 per share (not applicable to own shares), unchanged from the previous year.

The ex-date (coupon no. 3) was 30 April 2007, and the dividend was paid from 4 May 2007.

Stock information (1)		First half 2007	2006	2005	2004	2003	2002	2001
Reference share price								
Price at end of period	€	7.75	7.52	6.24	4.73	3.85	3.00	2.64
Maximum price	€	8.14	8.10	6.78	4.78	3.85	3.78	3.10
Minimum price	€	7.40	6.28	4.48	3.57	2.74	2.53	2.18
Average price	€	7.69	7.32	5.74	4.04	3.30	3.16	2.72
Capitalisation and volume:								
Average daily trading volume (2)	no. of shares	738,671	594,348	487,006	429,160	378,940	530,930	723,750
Average daily trading value (2)	€ million	5.7	4.4	2.8	1.7	1.3	1.7	2.1
Stock market capitalisation (2) at end of period	€ million	2,251	2,183	1,812	1,372	1,117	871	766

(1) Ten-for-one share split effective as of 9 May 2005.

(2) Initial public offering on 6 July 2001 at the price of #3.10 per share; average daily volumes after the first week of trading were 422,600 shares in 2001 and the average daily value after the first week of trading was #1,145,000 in 2001.

CONSOLIDATED ACCOUNTS

FINANCIAL STATEMENTS

Consolidated profit and loss account (*)

	Note	30 June 2007 € / 000	30 June 2006 € / 000
Net sales		**440,581**	**417,820**
Cost of goods sold		(184,980)	(181,567)
Gross margin		**255,601**	**236,253**
Advertising and promotional costs		(79,835)	(70,898)
Sales and distribution costs		(52,064)	(50,013)
Trading profit		**123,702**	**115,342**
General and administrative expenses and other operating expenses		(32,585)	(29,444)
of which: one-offs	8	*(1,612)*	*(75)*
EBIT		**91,117**	**85,899**
Net financial income (charges)		(8,546)	(5,489)
Profit (loss) of companies valued at equity		94	(16)
Profit before tax		**82,665**	**80,394**
Tax	9	(25,684)	(22,498)
Net profit		**56,981**	**57,896**
Minority interests		(49)	(2,350)
Group net profit		**56,932**	**55,546**
Basic earnings per share (€)		0.20	0.20
Diluted earnings per share (€)		0.20	0.19

(*) Pursuant to Consob resolution 15519 of 27 July 2006, the effects of dealings with related parties on the consolidated profit and loss account are indicated in a table under Note 22.

Consolidated balance sheet (*)

	Note	30 June 2007 € / 000	30 June 2006 € / 000
ASSETS			
Non-current assets			
Net tangible fixed assets	10	146,916	146,284
Biological assets	11	15,530	15,008
Investment property		4,015	4,017
Goodwill and trademarks	12	813,893	816,391
Intangible assets with a finite life	13	4,120	4,116
Investments in affiliated companies and joint ventures		505	528
Deferred tax		17,763	18,495
Other non-current assets		8,463	7,719
		1,011,205	**1,012,558**
Current assets			
Inventories	14	180,372	169,872
Trade receivables		232,906	257,120
Short-term financial receivables		1,388	1,025
Cash, bank and securities	15	187,737	240,300
Other receivables		39,243	41,265
		641,646	**709,582**
Non-current assets held for sale	16	1,875	3,918
Total assets		**1,654,726**	**1,726,058**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital		29,040	29,040
Reserves		812,411	766,848
Parent company's portion of shareholders' equity	17	841,451	795,888
Minority interests		1,944	1,895
		843,395	**797,782**
Non-current liabilities			
Bonds	18	310,804	322,699
Other non-current financial liabilities	18	72,113	70,142
Staff severance fund and other pension funds		12,609	12,631
Reserve for risks and future liabilities	21	9,196	10,930
Deferred tax		56,223	56,066
		460,945	**472,468**
Current liabilities			
Payables to banks	18	113,002	209,273
Other financial payables	18	22,341	21,603
Payables to suppliers		131,691	161,907
Payables to tax authorities		35,707	26,699
Other current liabilities		47,645	36,326
		350,386	**455,808**
Total liabilities and shareholders' equity		**1,654,726**	**1,726,058**

(*) Pursuant to Consob resolution 15519 of 27 July 2006, the effects of dealings with related parties on the consolidated profit and loss account are indicated in a table under Note 22.

Consolidated cash flow statement

	Note	30 June 2007 € / 000	30 June 2006 € / 000
Cash flow generated from (used in) operating activities			
Group net profit		56,932	55,546
Adjustments to reconcile net profit and cash flow			
Depreciation and amortisation		9,693	9,338
Gains on sales of fixed assets		(1,394)	(450)
Fund provisions		1,468	555
Use of funds		(3,254)	(1,575)
Deferred tax		4,351	4,287
Valuation effects		(644)	158
Other items not resulting in cash flows		1,745	(2,135)
Changes in tax payables and receivables		3,820	8,978
Changes in operating working capital		(14,279)	(27,325)
Other changes in non-cash items		12,358	(6,891)
		70,796	**40,488**
Cash flow generated from (used in) investing activities			
Purchase of tangible and intangible fixed assets		(13,191)	(9,986)
Gains on sales of tangible fixed assets		6,407	438
Purchase of Glen Grant, Old Smuggler and Braemar		(1,210)	(128,904)
Other changes		17	(361)
		(7,977)	**(138,813)**
Cash flow generated from (used in) financing activities			
Repayment of medium / long-term financing		(1,519)	(1,678)
Net change in short-term bank debt		(96,272)	240,623
Change in other financial payables and receivables		(465)	(2,597)
Sale of own shares		10,462	–
Purchase of own shares		(2,284)	–
Net change in securities		1,001	882
Dividend paid by Parent Company	17	(29,040)	(28,136)
		(118,117)	**209,094**
Exchange rate differences			
Exchange rate differences on operating working capital		(2,222)	3,364
Other exchange rate differences		5,960	179
		3,738	**3,543**
Net increase (decrease) in cash and cash equivalents		**(51,560)**	**114,312**
Cash and cash equivalents at start of period	15	238,975	245,061
Cash and cash equivalents at end of period	15	187,415	359,373

Statement of changes in shareholders' equity

	Share capital € / 000	Group shareholders' equity Legal reserve € / 000	Retained earnings € / 000	Other riserve € / 000	Total € / 000	Minority interests € / 000	Total shareholders' equity € / 000
Balance at 1 January 2007	**29,040**	**5,808**	**765,360**	**(4,320)**	**795,888**	**1,895**	**797,782**
Dividend payout to Parent Company shareholders	–	–	(29,040)	–	**(29,040)**	–	(29,040)
Purchase of own shares	–	–	(2,284)	–	**(2,284)**	–	(2,284)
Sale / use of own shares	–	–	4,185	–	**4,185**	–	4,185
Capital gain on sale of own shares	–	–	6,277	–	**6,277**	–	6,277
Stock options	–	–	–	1,626	**1,626**	–	1,626
Conversion difference	–	–	–	5,826	**5,826**	–	5,826
Valuation of hedging instruments (cash flow hedge)	–	–	–	3,215	**3,215**	–	3,215
Tax effect on profit (loss) posted directly to shareholders' equity	–	–	(186)	(988)	**(1,174)**	–	(1,174)
First half profit	–	–	56,932	–	**56,932**	49	56,981
Balance at 30 June 2007	**29,040**	**5,808**	**801,244**	**5,359**	**841,451**	**1,944**	**843,395**

	Share capital € / 000	Group shareholders' equity Legal reserve € / 000	Retained earnings € / 000	Other riserve € / 000	Total € / 000	Minority interests € / 000	Total shareholders' equity € / 000
Balance at 1 January 2006	**29,040**	**5,808**	**644,275**	**14,442**	**693,565**	**2,215**	**695,780**
Dividend payout to Parent Company shareholders	–	–	(28,136)	–	**(28,136)**	–	(28,136)
Dividend payout to minorities	–	–	–	–	**–**	(2,158)	(2,158)
Stock options	–	–	–	526	**526**	–	526
Conversion difference	–	–	–	(95)	**(95)**	(216)	(311)
Net profit (loss) on cash flow hedge	–	–	–	1,490	**1,490**	–	1,490
First-half profit	–	–	55,546	–	**55,546**	2,350	57,896
Balance at 30 June 2006	**29,040**	**5,808**	**671,686**	**16,363**	**722,897**	**2,191**	**725,088**

Statement of total Group profits and losses

	30 June.2007 € / 000	30 June 2006 € / 000
Profits on valuations at fair value	3,215	1,942
Capital gain on sale of own shares	6,277	–
Tax effect on profits (losses) allocated directly to shareholders' equity	(1,174)	(452)
Conversion difference	5,826	(95)
Profits allocated directly to shareholders' equity	**14,144**	**1,395**
Net profit	56,932	55,546
Total profits reported by the Group for the year	**71,076**	**56,941**
Minorities' profits	49	2,350
Total profits reported for the period	**71,125**	**59,291**

Consolidated balance sheet in accordance with Consob resolution 15519 of 27 July 2006

	30 June 2007 € / 000	*of which related parties (note 22)* € / 000	31 December 2006 € / 000	*of which related parties (note 22)* € / 000
ASSETS				
Non-current assets				
Net tangible fixed assets	146,916		146,284	
Biological assets	15,530		15,008	
Intangible fixed assets	4,015		4,017	
Goodwill and trademarks	813,893		816,391	
Intangible assets with a finite life	4,120		4,116	
Investments in affiliated companies and joint ventures	505		528	
Deferred tax	17,763		18,495	
Other non-current assets	8,463		7,719	
	1,011,205		**1,012,558**	
Current assets				
Inventories	180,372		169,872	
Trade receivables	232,906	*6,076*	257,120	*6,279*
Short-term financial receivables	1,388		1,025	
Cash, banks and securities	187,737		240,300	
Other receivables	39,243	*2,642*	41,265	*2,462*
	641,646		**709,582**	
Non-current assets held for sale	1,875		3,918	
Total assets	**1,654,726**		**1,726,058**	
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity				
Share capital	29,040		29,040	
Reserves	812,411		766,848	
Parent Company's portion of shareholders' equity	841,451		795,888	
Minorities' portion of shareholders' equity	1,944		1,895	
	843,395		**797,782**	
Non-current liabilities				
Bonds	310,804		322,699	
Other non-current financial liabilities	72,113		70,142	
Staff severance funds and other pension funds	12,609		12,631	
Reserve for risks and future liabilities	9,196		10,930	
Deferred tax	56,223		56,066	
	460,945		**472,468**	
Current liabilities				
Payables to banks	113,002		209,273	
Other financial payables	22,341		21,603	
Payables to suppliers	131,691	*1,740*	161,907	*957*
Payables to tax authorities	35,707		26,699	
Other current liabilities	47,645	*11,403*	36,326	*14*
	350,386		**455,808**	
Total liabilities and shareholders' equity	**1,654,726**		**1,726,058**	

NOTES TO THE ACCOUNTS

1. General information

Davide Campari S.p.A. is a company listed on the Italian stock market, with registered office at Via Filippo Turati 27, 20121 Milan, Italy.

The publication of this half-year report on the consolidated accounts at 30 June 2007 was authorised by the Board of Directors on 11 September 2007.

The accounts are presented in euro, the reference currency of the Parent Company and many of its subsidiaries.

2. Preparation criteria

This report has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and ratified by the European Union.

The term IFRS also includes the International Accounting Standards (IAS) still in force, as well as all interpretation documents of the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standing Interpretations Committee (SIC).

This report was drafted in accordance with IAS 34 (Financial Reporting), using the same principles as those applied in the preparation of the consolidated financial statements for the year ending 31 December 2006.

For further information, please see the comments in section 3 - *Changes in accounting standards*.

The half-year report and consolidated financial statements for the period to 30 June 2007 have been prepared in accordance with Consob regulation 11971 of 14 May 1999 and subsequent amendments.

Consob recommendations issued in implementation of article 9 of Legislative Decree 38/2005 were also consulted.

Form and content

In accordance with the format selected by the Campari Group, the profit and loss account is classified by function, and the balance sheet shows current and non-current assets and liabilities separately.

We consider that this format will provide a more meaningful representation of the items that have contributed to the Group's results and its balance sheet and financial position.

In the profit and loss account (classified by function), the EBIT line is shown before and after one-offs, such as capital gains / losses on the sale of shareholdings, restructuring costs and any other non-recurrent income / expenses.

The definition of "non-recurring" conforms to that set out in the Consob communication of 28 July 2006 (DEM/6064296).

In the first half of 2007, the Group did not carry out any atypical and/or unusual transactions, which are defined in the Consob communication as significant or substantial transactions that are atypical and/or unusual because the counterparties, the object of the transaction, the method used to determine the price, or the timing of the transaction (proximity to year end) could give rise to doubts over the accuracy or completeness of the information provided in the accounts, conflicts of interest, safeguarding of company assets and the protection of minority shareholders.

The cash flow statement was prepared using the indirect method.

With regard to the information required by IAS 14, the Group's primary reporting is by business segment and its secondary reporting by geographical area.

With reference to the requirements of Consob resolution 15519 of 27 July 2006:

- the profit and loss account and cash flow statement do not contain specific items relating to dealings with related parties as the amounts are immaterial; this method of presentation has not therefore distorted the financial and business position of the Group;
- in order to provide a clearer picture of the Group's asset position, a specific table has been prepared showing the Group's dealings with related parties, where these are significant.

Please refer to Note 22 for details on dealings with related parties.

Use of estimates

The preparation of the interim accounts requires the management to make estimates and assumptions that have an impact on the value of revenues, costs, assets and liabilities and on disclosures concerning contingent assets and liabilities at the reporting date.

If, in the future, these estimates and assumptions, based on the best valuation currently available, should differ from the actual circumstances, they will be amended accordingly at the time the circumstances change.

Specifically, estimates are used to identify provisions for risks in respect of receivables, obsolete inventory, depreciation and amortisation, asset write-downs, employee benefits, taxes, restructuring reserves and other provisions.

The estimates and assumptions are reviewed periodically and the impact of any change is reflected in the profit and loss account.

Please also note that these valuation procedures, especially those relating to the more complex valuations, such as the determination of any impairment losses on non-current assets, are generally only made definitively at the time the annual report is prepared, when all the required information is available, except when there are indications of impairment requiring an immediate valuation of any losses in value.

Similarly, actuarial valuations required to determine employee benefit funds are normally obtained at the time the annual report is prepared.

In this regard, please note that the Campari Group has not yet identified the accounting effects of the changes made to the regulations on staff severance funds (TFR) by Law 296 of 27 December 2006 (the 2007 Budget) and subsequent Decrees and Regulations issued in early 2007.

Specifically, the Group has not yet made an accurate revaluation of the accrued fund to 31 December 2006, as the majority of employees only chose how their TFR funds should be invested late in the period under review.

Therefore, since the data are currently in the process of being updated, it is not possible at this time to obtain precise actuarial valuations.

However, we estimate that the outcome will not significantly affect the Group's results.

Basis of consolidation

No significant changes occurred in respect of the basis of consolidation in the first half of 2007.

New companies Campari Austria Gmbh and Campari (Beijing) Trading Co. Ltd. were created, but their operations in the first half of 2007 were not significant.

The table below lists the companies included in the basis of consolidation at 30 June 2007.

		Share capital at 30 June 2007		% owned by the Parent Company		
Name, activity	Location	Currency	Amount	Direct	Indirect	Direct Shareholder
PARENT COMPANY						
Davide Campari-Milano S.p.A., *holding* company and manufacturing company	Via Filippo Turati 27, Milan	€	29,040,000			
Fully consolidated companies						
Italy						
Campari Italia S.p.A., trading company	Via Filippo Turati 27, Milan	€	1,220,076	100.00		
Sella & Mosca S.p.A., maufacturing, trading and *holding* company	Località I Piani, Alghero	€	13,838,916		100.00	Zedda Piras S.p.A.
Sella & Mosca Commerciale S.r.l., trading company	Località I Piani, Alghero	€	100,000		100.00	Sella & Mosca S.p.A.
Teruzzi & Puthod S.r.l., maufacturing, trading and *holding* company	Località Canale 19, San Gimignano	€	1,000,000		100.00	Sella & Mosca S.p.A.
Giannina S.r.l., maufacturing company	Località Canale 20, San Gimignano	€	20,000		100.00	Sella & Mosca S.p.A.
Zedda Piras S.p.A., maufacturing, trading and *holding* company	Piazza Attilio Deffenu 9, Cagliari (operational headquarters in Alghero)	€	16,276,000	100.00		
Glen Grant S.r.l., trading company	Via Bonaventura Cavalieri 4, Milan	€	97,067,533	100.00		
Turati Ventisette S.r.l., manufacturing and trading company	Via Filippo Turati 27, Milan	€	10,000	100.00		
Europe						
Campari Deutschland GmbH, trading company	Bajuwarenring 1, Oberhaching	€	5,200,000		100.00	DI.CI.E. Holding B.V.
Campari Finance Belgium S.A, finance company	Avenue Emile Maxlaan 152-154, Bruxelles	€	246,926,407	61.00	39.00	Davide Campari-Milano S.p.A
Campari Teoranta, finance and services company	Merchants Hall, 25-26 Merchants Quay, Dublin	€	1,000,000		100.00	DI.CI.E. Holding B.V.
Campari France, manufacturing company	15 ter, Avenue du Maréchal Joffre, Nanterre	€	2,300,000		100.00	DI.CI.E. Holding B.V.
Campari International S.A.M., trading company	7 Rue du Gabian, Monaco	€	100,000,000		100.00	DI.CI.E. Holding B.V.
Campari Schweiz A.G., trading company	Lindenstrasse 8, Baar	CHF	2,000,000		100.00	DI.CI.E. Holding B.V.
Koutsikos Distilleries S.A., manufacturing company	6 & E Street - A' Industrial Area - Volos	€	2,239,405		100.00	N. Kaloyannis Bros. S.A.
DI.CI.E. Holding B.V., *holding* company	Atrium, Strawinskylaan 3105, Amsterdam	€	15,015,000	100.00		
Lacedaemon Holding B.V., *holding* company	Atrium, Strawinskylaan 3105, Amsterdam	€	10,465,000		100.00	Campari Schweiz A.G.
N. Kaloyannis Bros. S.A., trading company	6 & E Street - A' Industrial Area - Volos	€	8,884,200		100.00	O-Dodeca B.V.
O-Dodeca B.V., *holding* company	Atrium, Strawinskylaan 3105, Amsterdam	€	2,000,000		75.00	Lacedaemon Holding B.V.
Prolera LDA, services company	Rua Dos Murças 88, Funchal	€	5,000	100.00		
Société Civile du Domaine de Lamargue, manufacturing and trading company	Domaine de la Margue, Saint Gilles	€	4,793,183		100.00	Sella & Mosca S.p.A.
Glen Grant Whisky Company Ltd., *dormant* company	Glen Grant Distillery, Rothes, Morayshire	GBP	10,820,000		100.00	DI.CI.E. Holding B.V

Name, activity	Location	Share capital at 30 June 2007 Currency	Amount	% owned by the Parent Company Direct	Indirect	Direct Shareholder
Glen Grant Distillery Company Ltd., manufacturing and trading company	Glen Grant Distillery, Rothes, Morayshire	GBP	14,800,000		100.00	DI.CI.E. Holding B.V.
Glen Grant Ltd., *holding* company	Glen Grant Distillery, Rothes, Morayshire	GBP	67.050.000		100.00	DI.CI.E. Holding B.V.
Old Smuggler Whisky Company Ltd., manufacturing and trading company	Glen Grant Distillery, Rothes, Morayshire	GBP	6.850.000		100.00	DI.CI.E. Holding B.V.
Campari Austria GmbH, trading company	Schulhof 6, Wien	€	500.000		100.00	DI.CI.E. Holding B.V.
Americas						
Campari Argentina S.R.L, trading company	Bouchard 710, Buenos Aires	AR$	100.000		100.00	DI.CI.E. Holding B.V. (95%), Lacedaemon Holding B.V. (5%)
Campari do Brasil Ltda., manufacturing and trading company	Av. Juruá, 820, esquina com a Alameda Tocantins, Centro Industrial e Empresarial Alphaville	BRC	243.202.100	100.00		
Gregson's S.A., trademark holder	Plaza de Cagancha 1335, Oficina 604, Montevideo	UYU	175.000		100.00	Campari do Brasil Ltda.
Redfire, Inc., *holding* company	One Beach Street - Suite 300 - San Francisco	US$	163.450.000	100.00		
Skyy Spirits, LLC, trading company	One Beach Street - Suite 300 - San Francisco	US$	15.348.729		100.00	Redfire, Inc.
Others						
Qingdao Sella & Mosca Winery Co. Ltd., manufacturing and trading company	8 Pingu Horticultural Farm, Yunshan County, Pingdu City, Qingdao, Shandong Province	RMB	24.834.454		93.67	Sella & Mosca S.p.A.
Campari (Beijing) Trading Co. Ltd., trading company	Xingfu Dasha Building, block B, room 511, n. 3 Dongsanhuan BeiLu, Chaoyang District, Beijing	RMB	1.005.530		100.00	DI.CI.E. Holding B.V.

Other holdings Name, activity	Location	Share capital at 30 June 2007 Currency	Amount	% owned by the Parent Company Indirect	Direct Shareholder	Valuation
Fior Brands Ltd., trading company	Springfield House, Laurelhill Business Park, Stirling	GBP	100	50.00	DI.CI.E. Holding B.V.	equity
International Marques V.o.f., trading company	Nieuwe Gracht 11, Haarlem,	€	210,000	33.33	DI.CI.E. Holding B.V.	equity
M.C.S. S.c.a.r.l., trading company	Millenium Park, Avenue de la Métrologie 10, Bruxelles	€	464,808	33.33	DI.CI.E. Holding B.V.	equity
SUMMA S.L., trading company	Alcobendas, Calle Cantabria no. 2, Planta 2, Officina B1, Edificio Amura, Alcobendas, Madrid	€	342,000	30.00	DI.CI.E. Holding B.V.	equity

Currency conversion criteria and exchange rates applied to the accounts

The exchange rates used for conversion transactions are shown below:

	30 June 2007		31 December 2006		30 June 2006	
	Average rate	Final rate	Average rate	Final rate	Average rate	Final rate
US dollar	1.3294	1.3505	1.2555	1.3170	1.2289	1.2713
Swiss franc	1.6319	1.6553	1.5731	1.6069	1.5612	1.5672
Brazilian real	2.7187	2.5972	2.7318	2.8133	2.6925	2.7575
Uruguayan peso	32.0484	32.2398	30.1323	32.1394	29.5389	30.2617
Chinese renminbi	1.2589	10.2816	10.0079	10.2793	9.8700	10.1648
UK pound	0.6747	0.6740	0.6818	0.6715	0.6870	0.6921

3. Changes in accounting standards

Accounting standards applicable from 1 January 2007

IFRIC 8 (Scope of IFRS 2) defines the applicability of IFRS 2 (Share-based Payments) to transactions in which an entity cannot specifically identify part or all of goods and services received.

This standard does not apply to the Campari Group.

On 3 March 2006, IFRIC issued interpretation document IFRIC 9 (Reassessment of Embedded Derivatives), which requires a company to assess whether any embedded derivatives contained in the contract are required to be separated from the host contract and accounted for as if they were stand-alone derivatives when it first draws up the contract.

Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

This standard does not apply to the Campari Group.

IFRIC 10 (Interim Financial Reporting and Impairment) clarifies that impairment losses in respect of goodwill and certain financial assets must not be reversed in subsequent interim or annual reports.

This standard does not apply to the Campari Group.

New accounting principles

On 2 November 2006, IFRIC issued interpretation document IFRIC 11 (IFRS 2 - Share-based Payments).

This sets out the accounting treatment for transactions in which, in order to settle their share-based payment obligations, companies are required to buy their own shares, and for share-based payments by one group company (e.g. the parent company) to the employees of other group companies.

This principle takes effect from 1 January 2008.

On 30 November 2006, the IASB issued accounting principle IFRS 8 (Operating Segments), which will replace IAS 14 (Segment Reporting) on 1 January 2009.

IFRS 8 requires companies to provide segment reporting based on the factors used by management to make operating decisions.

This therefore requires the identification of operating segments whose results are reviewed regularly by management to make decisions about resources to be allocated to the segment and assess its performance.

As at the date of this report, the Campari Group is assessing the potential impact of adopting this principle.

On 29 March 2007, the IASB issued a revised version of IAS 23 (Financial Charges), which takes effect on 1 January 2009.

The new version of the principle removed the option whereby certain financial costs, incurred in respect of assets requiring a certain period of time to be ready for use or sale, could be posted immediately to the profit and loss account.

The principle will apply in advance to financial costs relating to capitalised assets from 1 January 2009.

On 5 July 2007, IFRIC issued IFRIC 14 as an interpretation of IAS 19 (Employee Benefits), which takes effect from 1 January 2008.

The interpretation provides general guidelines on how to determine the limit on a defined benefit asset as established by IAS 19 and explains the accounting effects of the clause on minimum funding requirements for the plan.

Lastly, note that the following interpretations setting out examples and case studies that are not relevant to the Campari Group have been issued:

- IFRIC 12 - Service Concession Arrangements (effective from 1 January 2008);
- IFRIC 13 - Customer Loyalty Programmes (effective from 1 January 2009).

4. Seasonal factors

Sales of some Campari Group products are more affected than others by seasonal factors, because of different consumption patterns or consumer habits.

In particular, soft drink consumption tends to increase during the hottest months of the year (May - September), and summer temperature variations from one year to the next may have a substantial effect on comparative sales figures.

For other products, such as sparkling wines, sales in some countries are concentrated in certain periods of the year, largely around Christmas.

While external factors do not affect sales of these products, the commercial risk is higher, since the full-year sales result is determined in just two months.

In general, the Group's diversified product portfolio, which includes spirits, soft drinks and wines, and the geographical spread of its sales, help to reduce substantially any risks relating to seasonal factors.

5. Default risk: negative pledges and covenants on debt

The contracts relating to the bond issued by the Parent Company, the private placement and two committed credit lines negotiated by Redfire, Inc. include negative pledges and covenants.

In the first two cases, these contractual clauses are intended to limit the Group's options to grant significant rights to the Group's assets to third parties; in particular, the contracts establish specific restrictions on selling or pledging assets.

The covenants include the Group's obligation to respect certain financial indicators, the most significant of which relate to the ratio of net debt to particular measures of Group profitability.

If the Group fails to fulfil these obligations, after an observation period in which any breach has not been rectified, it could be served with notice to repay the residual debt.

These ratios are monitored by the Group at the end of each quarter and have so far been a long way off the thresholds that would constitute non-compliance.

6. Acquisitions

Cabo Wabo Tequila

For completeness of information, note that on 7 May 2007, the Campari Group signed an agreement with entrepreneur and rock star Sammy Hagar, to acquire an 80% stake in Cabo Wabo Tequila.

The deal was worth US$ 80 million.

The transaction, due to be completed in January 2008, will be paid for in cash.

7. Results by business area

The segment reporting tables for the primary segment structure are shown below.

The Group's primary reporting is by business segment.

A business segment is defined as a clearly identifiable part of the Group which provides a range of similar products and which is subject to risks and benefits that differ from those of the Group's other segments.

The segments in which the Group operates are the manufacture and sale of:

- spirits: alcohol-based beverages with alcohol content either below or above 15% by volume; drinks above 15% are defined by law as "spirit drinks"
- wines: both sparkling and still wines including aromatised wines such as vermouth
- soft drinks: non-alcoholic beverages
- other: sales related to the business of co-packing, raw materials and semi-finished products

First half 2007	Spirit € / 000	Wines € / 000	Soft drink s € / 000	Other sales € / 000	Total operations € / 000
Revenues (*)					
Net sales to third parties	318,700	56,910	57,410	7,561	440,581
Income and profits					
Income by segment	97,687	5,854	18,886	1,275	123,702
Unallocated expenses					(32,585)
Operating profit					91,117
Net financial income (charges)					(8,546)
Profit (loss) of companies valued at equity	63	22	9	–	94
Tax					(25,684)
Minority interests					(49)
Group net profit					56,932

(*) There were no inter-segment sales.

First half 2006	Spirit € / 000	Wines € / 000	Soft drink s € / 000	Other sales € / 000	Total operations € / 000
Revenues (*)					
Net sales to third parties	293,217	47,535	71,934	5,134	417,820
Income and profits					
Income by segment	94,090	4,338	15,674	1,240	115,342
Unallocated expenses					(29,443)
Operating profit					85,899
Net financial income (charges)					(5,489)
Profit (loss) of companies valued at equity	(11)	(4)	(2)	–	(16)
Tax					(22,498)
Minority interests					(2,350)
Group net profit					55,546

(*) There were no inter-segment sales.

PROFIT AND LOSS ACCOUNT

8. Other one-offs: income and charges

Pursuant to the Consob communication of 28 July 2006, note that EBIT for the first half of 2007 was influenced by net one-off charges of € 1,612 thousand, mainly due to charges relating to changes in the Group's management, and capital gains on the sale of real estate.

9. Tax

Details of current and deferred taxes posted to the Group's profit and loss account are as follows:

	First half 2007 € / 000	First half 2006 € / 000
Current income tax		
– tax for the current year	(21,425)	(18,265)
– tax relating to previous years	92	54
Deferred income tax		
– newly-reported and cancelled temporary differences	(4,351)	(4,287)
Income tax posted to the profit and loss account	**(25,684)**	**(22,498)**

In the first half of 2007, deferred tax expense included the impact of the deductibility of goodwill and trademark amortisation, which totalled € 5,476 thousand.

BALANCE SHEET

10. Net tangible fixed assets

Changes in this item are indicated in the table below.

	Land and buildings € / 000	Plant and machinery € / 000	Other € / 000	Total € / 000
Opening book value	127,623	195,343	28,503	351,468
Opening accumulated depreciation	(48,231)	(135,855)	(21,098)	(205,184)
Balance at 31 December 2006	**79,392**	**59,488**	**7,405**	**146,284**
Investments	6,588	3,017	1,712	11,318
Disposals	(2,899)	(4)	(68)	(2,971)
Depreciation and amortisation	(1,845)	(5,267)	(1,240)	(8,353)
Reclassifications	70	4	(112)	(38)
Reclassification under fixed assets in progress at year-end	5	85	(89)	–
Exchange rate differences and other changes	416	261	(2)	675
Balance at 30 June 2007	**81,727**	**57,584**	**7,606**	**146,916**
Closing book value	128,829	198,790	29,480	357,099
Closing accumulated depreciation	(47,102)	(141,206)	(21,874)	(210,182)

Investments in land and buildings in the first half, which totalled € 6,588 thousand, were mainly attributable to costs of € 5,609 thousand for the construction of the Group's new headquarters in Sesto San Giovanni.

Disposals in the period were mainly attributable to the sale of the Brazilian plant in Alphaville.

The increase in plant and machinery, of € 3,017 thousand, was due to investments in the non-returnable CampariSoda production line for the Novi Ligure plant and for other facilities at the Crodo and Canale factories.

11. Biological assets

Changes during the period are indicated in the table below.

	€ / 000
Opening book value	19,271
Opening accumulated amortisation	(4,263)
Balance at 31 December 2006	**15,008**
Investments	918
Depreciation and amortisation	(400)
Reclassifications	4
Balance at 30 June 2007	**15,530**
Closing book value	20,204
Closing accumulated amortisation	(4,674)

Investments for the period, of € 918 thousand, include the purchase of land in Piedmont totalling € 610 thousand, and costs relating to new vineyards of € 308 thousand.

12. Goodwill and trademarks

Changes during the period are indicated in the table below.

	Goodwill € / 000	Trademarks € / 000	Total € / 000
Opening book value	690,933	125,458	816,391
Opening impairment	–	–	–
Balance at 31 December 2006	**690,933**	**125,458**	**816,391**
Increases	–	1,210	1,210
Exchange rate differences and other changes	(3,708)	–	(3,708)
Balance at 30 June 2007	**687,225**	**126,668**	**813,893**
Closing book value	687,225	126,668	813,893
Closing impairment	–	–	–

The increase in the period relates to the completion of the acquisition of the Old Smuggler brand in Argentina, following approval from the local competition regulator, on 12 March 2007.

Exchange rate differences of € 3,708 thousand were due to the adjustment of goodwill for Skyy Spirits, LLC and Campari do Brasil Ltda to the exchange rates in force at the end of the period.

The following table shows a breakdown of goodwill and trademarks.

	30 June 2007		31 December 2006	
	Goodwill	Trademarks	Goodwill	Trademarks
	€ / 000	€ / 000	€ / 000	€ / 000
ex Bols products	4,612	1,992	4,612	1,992
Ouzo 12	9,976	7,429	9,976	7,429
Cinzano	51,457	772	51,457	772
Brazilian acquisition	69,649	–	64,298	–
Skyy Spirits. LLC	356,418	–	365,477	–
Zedda Piras S.p.A. and Sella & Mosca S.p.A.	57,254	21	57,254	21
Barbero 1891 S.p.A.	137,859	–	137,859	–
Riccadonna	–	11,300	–	11,300
Glen Grant, Old Smuggler and Braemar	–	104,277	–	103,067
Other	–	877	–	877
	687,225	**126,668**	**690,933**	**125,458**

13. Intangible assets with a finite life

Changes during the period are indicated in the table below.

	Software	Other	Total
	€ / 000	€ / 000	€ / 000
Opening book value	7,422	13,097	20,519
Opening impairment	–	–	–
Opening accumulated amortisation	(5,081)	(11,322)	(16,403)
Balance at 31 December 2006	**2,341**	**1,775**	**4,116**
Investments	555	453	1,008
Decreases	–	(18)	(18)
Amortisation	(669)	(270)	(939)
Reclassifications of fixed assets in progress	4	(4)	0
Exchange rate differences and other changes	(36)	(11)	(47)
Balance at 30 June 2007	**2,195**	**1,925**	**4,120**
Closing book value	7,847	13,648	21,495
Closing impairment	–	–	–
Closing accumulated amortisation	(5,652)	(11,723)	(17,375)

Investments in software, totalling € 555 thousand, related to the SAP IT system for the development of modules for personnel management and the consolidation process.

14. Inventories

This item breaks down as follows:

	30 June 2007	31 December 2006
	€ / 000	€ / 000
Raw materials, supplies and consumables	24,846	24,006
Work in progress and semi-finished products	68,193	66,129
Finished products and goods for resale	87,333	79,737
	180,372	**169,872**

The increase in the item compared to the end of the previous year was mainly due to seasonal factors and the plan to increase production, in view of the scheduled cessation of activity at the Sulmona plant.

Inventories are reported minus the relevant provisions for write-downs.
The changes are reported in the table below:

	€ / 000
Balance at 31 December 2006	**4,176**
Provisions	1,056
Amount used	(241)
Exchange rate differences and other changes	(17)
Balance at 30 June 2007	**4,974**

15. Cash, bank and securities

This item breaks down as follows:

	30 June 2007 € / 000	31 December 2006 € / 000
Bank current accounts and cash	39,013	103,386
Term deposits	148,402	135,590
Securities readily convertible to cash	–	–
Cash and cash equivalents	**187,415**	**238,975**
Other securities	322	1,325
Total cash, bank and securities	**187,737**	**240,300**

The “cash and cash equivalents” item consists of bank current accounts and other sight deposits held at leading banks that pay variable interest rates based on LIBOR for the currency and period concerned.

They also include securities that can be readily converted to cash consisting of short-term, highly liquid financial investments that can be quickly converted to known cash instruments, with an insignificant risk of change in value.

For information on the decrease in cash and cash equivalents, please see the cash flow statement.

16. Non-current assets held for sale

This item includes non-current real estate assets with a high probability of being sold, or for which there is an irrevocable commitment to sell with a third party.

The decrease compared to the previous year, of € 2,043 thousand, is due to the sale of a part of the former Termoli plant.

17. Shareholders’ equity

For information on the composition and changes in shareholders’ equity for the periods under review, please refer to “changes in shareholders equity”.

In particular, the increase in the Group's shareholders' equity of € 45,563 thousand at 30 June 2007 compared to the end of the previous year was mainly due to the net effect of the following:

- distribution of dividends, approved by the shareholders' meeting of the Parent Company on 24 April 2007, of € 29,040 thousand;
- sale on the market of 1,350,000 own shares (book value: € 4,185 thousand), resulting in a capital gain of € 6,277 thousand, which was allocated directly to shareholders' equity.
- acquisition of 302,000 own shares to service the stock option scheme, with a total value of € 2,284 thousand;
- increase in the stock option reserve of € 1,626 thousand;
- increase in the cash flow hedging reserve of € 3,215 thousand;
- allocation of tax effect, totalling € 1,174 thousand, of earnings and losses recorded directly under shareholders' equity;
- effect of the change in the conversion rates of subsidiaries' accounts denominated in currencies other than the euro, totalling € 5,826 thousand;
- Group net profit for the period of € 56,932 thousand.

Share capital

At 30 June 2007, the share capital was made up of 290,400,000 ordinary shares with a nominal value of € 0.10 each.

The table below shows the reconciliation between the number of shares outstanding at 31 December 2006 and at 30 June 2007.

	Number of shares		Nominal value	
	30 June 2007	31 December 2006	30 June 2007 €	31 December 2006 €
Outstanding shares at the beginning of the period	289,049,453	281,356,013	28,904,945	28,135,601
Purchases for the stock option plan	(302,000)	–	(30,200)	–
Sales	1,350,000	7,693,440	135,000	769,344
Outstanding shares at the end of the period	**290,097,453**	**289,049,453**	**29,009,745**	**28,904,945**

Dividends paid and proposed

The table below shows in detail the dividends approved and paid for ordinary shares during the periods in question:

	Total amount		Dividend per share	
	30 June 2007 € / 000	30 June 2006 € / 000	on 2006 earnings €	on 2005 earnings €
Dividends approved and paid on ordinary shares during the period	29,040	28,136	0.10	0.10

Dividends of € 29,040 thousand relating to 2006 were approved by the shareholders' meeting of the Parent Company of 24 April 2007.

18. Financial liabilities

The table below shows a breakdown of the Group's financial liabilities:

	30 June 2007 € / 000	31 December 2006 € / 000
Non-current liabilities		
Bond and *private placement*		
Private placement	112,309	116,974
Bonds	198,495	205,725
	310,804	**322,699**
Other non-current liabilities		
Payables to banks	1,144	1,184
Real estate lease payables	14.438	15,998
Financial payables for bond-related *cross currency swaps*	54.457	50.738
Other financial payables	2,073	2,222
	72,113	**70,142**
Current liabilities		
Payables to banks	113,002	209,273
Other financial payables		
Real estate lease payables (current portion)	3.132	3.091
Bonds (current portion)	9.059	9,291
Accrued interest on bonds	8.153	8,372
Other financial payables	1,997	849
	22,341	**21,603**

Bond and private placement

The change in the items at 30 June 2007 compared to the end of the previous year is due to the change in fair value due to both the private placement and the exchange rate effect.

For information regarding the terms of the bond issue and the private placement on the US institutional market, please see note 27 of the consolidated accounts to 31 December 2006.

Payables to banks

The decrease in short-term bank debt compared to the previous year is related to the generation of high operating cash flow in the period.

19. Net debt

As required by the Consob communication of 28 July 2006, and in accordance with the recommendation of the Committee of European Securities Regulators (CESR) of 10 February 2005 (Recommendations for the consistent implementation of the European Commission's regulation on prospectuses), the Group's debt position at 30 June 2007 compared with the end of the previous year is set out below.

	30 June 2007 € / 000	31 December 2006 € / 000
Cash, bank and securities	187,737	240,300
Payables to banks	(113,002)	(209,273)
Real estate lease payables	(3,132)	(3,091)
Private placement and bond issues	(17,780)	(17,740)
Other financial payables	(35)	254
Short-term debt	**53,788**	**10,450**
Payables to banks	(1,144)	(1,184)
Real estate lease payables	(14,438)	(15,998)
Private placement and bond issues	(364,183)	(370,555)
Other financial payables	(2,073)	(2,222)
Medium/long-term debt	**(381,839)**	**(389,959)**
Net debt	**(328,050)**	**(379,509)**

For information on the above items, please refer to notes 15 and 18, and to the report on operations.

20. Hedging transactions

Cash flow hedging

At 30 June 2007, Campari International S.A.M. had outstanding forward contracts to hedge its budget for sales and purchases in currencies other than euro for the second half of 2007.

The table below summarises the conditions of the main contracts outstanding at 30 June 2007:

	Nominal amount	Maturity
Forward contracts to hedge cash flows from future sales		
Sales		
US$	10,763	31 January 2008
CHF	3,750	31 January 2008
Forward contracts to hedge cash flows for future purchases		
Purchases		
US$	2,195	28 February 2008

The hedging met the requirements for effectiveness, and an unrealised gain of € 262 thousand was suspended in shareholders' equity reserves, net of the related deferred tax effect.

Fair value hedging

An interest rate swap with a total notional amount of US$ 162 million and a cross currency swap on interest and exchange rates with a total notional amount of US$ 300 million were used respectively as hedging instruments for the *private placement* and the bond issue. The maturities are the same as the underlying debt in each case.

As regards the derivatives contracts entered into in relation to the bond issue, at the beginning of 2006, the Group negotiated a forward starting interest rate swap, which from July 2008 will fix interest payments at

4.25% for half (US$ 50 million) of the tranche maturing in 2015 and at 4.36% for three-quarters (US$ 150 million) of the tranche maturing in 2018.

The change in the fair value of these instruments reported in the profit and loss account in the first half of 2007 was positive, at € 728 thousand.

At 30 June 2007 the Parent Company's cross currency swap and forward starting interest rate swap had an overall negative fair value of € 54,457 thousand, reported under non-current financial liabilities, while the interest rate swap taken out by Redfire, Inc. had a positive fair value of € 1,078 thousand, reported under non-current and current financial liabilities.

The cash flow hedge relating to the Parent Company's bond met the requirements for effectiveness, and an unrealised gain of € 2,933 thousand was suspended in shareholders' equity reserves, net of the related deferred tax effect of € 968 thousand.

21. Reserve for risks and future liabilities

The decrease in the item compared to the end of 2006 was mainly due to the use of the reserve previously set aside for expenses relating to staff reorganisation and legal disputes.

22. Related parties

In compliance with the requirements of Consob communication 6064293 of 28 July 2006, the table below details the amounts of trade and financial transactions entered into with related parties.

	30 June 2007				First half 2007			
	Trade receivables	Trade payables	Financial payables	Other	Sale of merchandise	Trade allowances	Financial income	Other
Fior Brands Ltd.	1,623	1	1,469	–	1,639	(638)	46	18
International Marques V.o.f.	938	(197)	–	–	1,354	(715)	–	(27)
M.C.S. S.c.a.r.l.	1,627	(544)	1,173	14	3,293	(1,228)	20	(85)
SUMMA S.L.	1,888	(1,000)	–	–	3,247	(1,808)	–	(39)
Fincorus S.p.A	–	–	–	(11,417)	–	–	–	–
	6,076	**(1,740)**	**2,642**	**(11,403)**	**9,533**	**(4,388)**	**67**	**(132)**
Percentage of related item in the accounts	3%	1%	7%	13%	2%	5%	1%	0%

	30 June 2006				First half 2006			
	Trade receivables	Trade payables	Financial payables	Other	Sale of merchandise	Trade allowances	Financial income	Other
Fior Brands Ltd.	1,064	(301)	1,455	9	1,364	(564)	36	20
International Marques V.o.f.	911	–	–	–	1,872	(655)	–	10
M.C.S. S.c.a.r.l.	2,165	(30)	1,006	5	3,314	(1,039)	14	24
SUMMA S.L.	2,138	(626)	–	–	2,893	(1,806)	–	(34)
	6,279	**(957)**	**2,462**	**14**	**9,443**	**(4,065)**	**50**	**19**
Percentage of related item in the accounts	2%	1%	6%	0%	2%	6%	0%	0%

The Parent Company, Davide Campari-Milano S.p.A., is controlled by Alicros S.p.A., with which the Group has not entered into transactions.

Alicros S.p.A. is in turn controlled by Fincorus S.p.A.

In 2007, Fincorus S.p.A., Davide Campari-Milano S.p.A. and its Italian subsidiaries opted for the national tax consolidation scheme for 2007-2009, which will allow the companies belonging to the Group to be consolidated for tax purposes under the main shareholder Fincorus S.p.A.

As a result of this option and specific contractual agreements for the transfer of IRES receivables and payables at nominal value, at 30 June 2007, the Group had a payable to Fincorus S.p.A. of € 11,417 thousand.

Dealings with related parties and joint ventures form part of ordinary operations and are carried out under market conditions (i.e. conditions that would apply between two independent parties) or using criteria that allow for the recovery of costs incurred and a return on invested capital.

All transactions completed with related parties were carried out in the Group's interest.

23. Reconciliation of the Parent Company's net profit and shareholders' equity and those of the Group as a whole

Pursuant to the Consob communication of 28 July 2006, the table below shows a reconciliation between the net profit for the first half of 2007 and shareholders' equity at 30 June 2007 for the Group and for the Parent Company Davide Campari-Milano S.p.A.:

	2007	
€ / 000	Shareholders' equity	Profit
Shareholders' equity and net profit as reported in the Davide Campari-Milano S.p.A. balance sheet at 30 June	**542,759**	**29,053**
Elimination of book value of consolidated shareholdings		
Difference between book value and pro rata value of shareholders' equity of shareholdings	333,761	
Pro rate results of subsidiaries		168,356
Elimination of the effects of transactions between consolidated companies		
Elimination of intragroup dividends	–	(138,508)
Elimination of intragroup profits (losses)	(16,286)	(1,265)
Other operations		
Effect of consolidation adjustments	(24,609)	(704)
Conversion difference	5,826	–
Group shareholders' equity and net profit	**841,451**	**56,932**
Shareholders' equity and net profit attributable to minorities	1,944	49
Shareholders' equity and net profit as reported in the consolidated balance sheet at 30 June	**843,395**	**56,981**

24. Commitments and risks

For information regarding the Group's commitments and risks, please see note 36 of the consolidated accounts to 31 December 2006.

25. Events taking place after the end of the period

Reorganisation of the Group's Italian wine companies

An extensive reorganisation of the Group's Italian wine companies is planned for the second half of the year, including the merger of Teruzzi & Puthod S.r.l. and Giannina S.r.l. into Sella & Mosca S.p.A. and the transfer of the Enrico Serafino brand wine business of the Parent Company Davide Campari-Milano S.p.A. into Sella & Mosca S.p.A.

After these transactions have taken place, measures will be implemented to strengthen and rationalise the Group's wine business unit, which began operating on 1 January 2007.

On 11 July 2007, the relevant Boards of Directors approved the merger proposals and the transfer of the Enrico Serafino business activities.

X-Rated

On 1 August 2007, the Campari Group acquired the super premium X-Rated Fusion Liqueur brand, the very high-end Jean-Marc XO vodka brand, and the ultra premium X-Rated vodka brand.

X-Rated was launched in the US in 2004 by Jean-Marc Daucourt, the creator of multi-award winning spirits, and Todd Martin, the former Chairman of Allied Domecq North America, who are the main shareholders of X-Rated.

The cost of the transaction was US$ 40 million (equivalent to € 29 million at the exchange rate in force on the date of the transaction).

Furthermore, the contract provides for a price adjustment to be paid over the next three years, based on the increase in volumes over the same period.

The brands are currently being integrated into the structure of the Campari Group.

Termination of distribution agreement for 1800 Tequila and Gran Centenario

On 11 September, the Campari Group announced that its distribution of the 1800 Tequila and Gran Centenario brands under licence in the US will end on 31 December 2007.

From January 2008, the owner of the two tequila brands, the José Cuervo group, will manage them directly in the US market, via a wholly-owned subsidiary.

26. Outlook

The general performance of the Campari Group in the first half of the year was extremely positive in terms of both sales and profitability, which were supported by sound organic growth.

For the second half of the year, it is reasonable to assume that the sales and results will continue to be positive, although certain contingent factors are likely to mean growth rates will be lower than in the first half. These factors include:

- the unfavourable comparison with the excellent second half of 2006 as regards sales of major brands (Campari, and to a lesser extent, SKYY Vodka);
- the more marked effect of higher prices of certain raw materials;
- a greater proportion of investments spent on communications;
- the possibility that the elasticity of sales to price changes might be greater than envisaged in markets in which it is considered appropriate to reposition certain brands.

Mitigating these risks, however, are the encouraging consumption trend in the main markets, the buoyancy of key markets, the positive effects on margins of the above-mentioned price increases, and the growth opportunities brought by the recent acquisitions, which give rise to a cautious optimism on short- and medium-term results.

Parent Company Davide Campari-Milano S.p.A.

Accounting statements for Davide Campari-Milano S.p.A. at 30 June 2007

Profit and loss account

€ / 000	First half 2007	*of which to related parties*	First half 2006	*of which to related parties*
Net sales	**141,086**	***138,960***	**113,938**	***113,796***
Cost of goods sold	(108,077)	*(14,986)*	(85,331)	*(11,336)*
Gross profit	**33,009**		**28,607**	
Advertising and promotional costs	(2,218)	*1,959*	(3,831)	*(171)*
Sales and distribution costs	(4,050)	*418*	(3,409)	*568*
Trading profit	**26,741**		**21,367**	
General and administrative expenses and other operating costs	(9,807)	*554*	(11,042)	*657*
Other one-offs: income and charges	7	*1,670*	2	*2,923*
EBIT	**16,941**		**10,327**	
Dividends	27,700	*27,700*	35,389	*35,389*
Net financial income (charges)	(12,461)	*(4,925)*	(6,590)	*(2,797)*
Profit before tax	**32,180**		**39,126**	
Tax	(3,127)		(2,688)	
Net profit	**29,053**		**36,438**	

Balance sheet

€ / 000	30 June 2007	31 December 2006
ASSETS		
Non-current assets		
Net tangible fixed assets	91,989	88,586
Biological assets	43	–
Investment property	3,999	4,000
Goodwill and trademarks	320,780	320,780
Intangible assets with a finite life	1,949	1,703
Investments in affiliated companies	663,241	660,583
Deferred tax assets	6,335	6,656
Other non-current assets	3,268	3,222
Total non-current assets	**1,091,604**	**1,085,530**
Current assets		
Inventories	72,390	59,706
Trade receivables	2,754	2,639
Receivables from related parties	48,104	60,357
Cash, bank and securities (*)	1,818	8,438
Financial receivables from related parties	74,194	54,330
Other receivables	20,198	22,998
Total current assets	**219,458**	**208,468**
Non-current assets held for sale	1,335	3,378
Total assets	**1,312,397**	**1,297,376**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Share capital	29,040	29,040
Reserves	513,719	502,111
Total shareholders' equity	**542,759**	**531,151**
Non-current liabilities		
Bonds	198,495	205,725
Financial payables to related parties	13,000	–
Other non-current financial liabilities	70,066	68,051
Staff severance fund	8,571	8,601
Reserve for risks and future liabilities	5,756	6,498
Deferred tax liabilities	16,177	13,774
Total non-current liabilities	**312,065**	**302,649**
Current liabilities		
Payables to banks	88,785	145,104
Financial payables to related parties	281,173	228,091
Other financial payables	8,587	7,989
Trade payables	56,495	59,970
Payables to related parties	7,809	8,486
Payables to tax authorities	3,933	3,401
Other current liabilities	10,791	10,535
Total current liabilities	**457,573**	**463,576**
Total liabilities and shareholders' equity	**1,312,397**	**1,297,376**

(*) At 30 June 2007 and 31 December 2006, the item includes other securities, totalling € 105 thousand and € 211 thousand respectively, which do not satisfy all the requirements for classification under cash and cash equivalents.

Cash flow statement

€ / 000	First half 2007	First half 2006
Net profit	29,053	36,438
Tax	3,127	2,688
Profit before tax	32,180	39,126
Amortisation of intangible fixed assets	390	330
Depreciation of tangible fixed assets	4,983	4,794
Provisions:		
– staff severance fund	829	726
– stock write-down reserve	–	181
Stock option costs	718	526
Net capital losses (gains) from disposals of tangible fixed assets	(3)	(3)
Dividends not paid	–	(5,200)
Net charges (income) in respect of derivative instruments	(644)	(311)
Other non-cash items (net)	(1,615)	(310)
Cash flow from ordinary operations (A)	**36,838**	**39,859**
Payments from staff severance fund	(859)	(517)
Change in reserve for risks and future liabilities	(743)	(410)
Total (B)	*(1,602)*	*(927)*
Change in operating assets and liabilities:		
Change in trade receivables	(114)	23
Change in inventories	(12,683)	(7,530)
Change in receivables from subsidiaries	12,253	12,769
Change in receivables and payables to/from tax authorities	2,518	(5,176)
Change in other receivables	473	(1,303)
Change in trade payables	(3,475)	(2,322)
Change in payables to subsidiaries and controlling shareholders	(3,282)	827
Change in other payables	129	7,116
Total (C)	*(4,181)*	*4,404*
Cash flow from operating activities for the period D = (A + B + C)	**31,055**	**43,336**
Investments in intangible fixed assets	(693)	(403)
Investments in tangible fixed assets	(7,104)	(4,436)
Income from sale of fixed assets	2,065	13
Purchase of 99.99% stake in Campari Finance Belgium S.A.	–	(130,033)
Cash flow from investing activities (E)	**(5,732)**	**(134,859)**
Increase (decrease) in short-term bank loans	(56,320)	143,552
Decrease (increase) in financial receivables from subsidiaries	(19,864)	(17,283)
Increase (decrease) in financial payables to subsidiaries	66,082	(1,297)
Purchase of own shares	(2,284)	–
Income from sale of own shares	10,462	–
Payment of lease instalments	(1,517)	(1,477)
Payments of medium- long-term debt	(150)	(138)
Dividend payout	(29,040)	(28,136)
Change in other financial items	794	–
Cash flow from financing activities (F)	**(31,837)**	**95,221**
Net cash flow for the period (D + E + F)	**(6,514)**	**3,698**
Cash and equivalents at the start of the period	**8,227**	**101,984**
Net cash flow for the period	**(6,514)**	**3,698**
Cash and equivalents at the end of the period	**1,713**	**105,682**

Statement of changes in shareholders' equity

€ /000	Share capital	Legal reserve	Extraordinary reserve	Reserve for VAT deductions (Law 64/86 and Law 67/88)	Equity investment transfer reserve (Leg. Decree 544/1992)	Reserve for own shares (Law 696/1983)	Own shares	Stock option reserve	Fair value reserve	Retained earnings	Shareholders' equity
Balance at 1 January 2006	**29,040**	**5,808**	**243,222**	**1,043**	**3,041**	**–**	**(29,289)**	**1,428**	**–**	**193,001**	**447,294**
Dividend payout	–	–	–	–	–	–	–	–	–	(28,136)	**(28,136)**
Stock option	–	–	–	–	–	–	–	526	–	–	**526**
Cash flow hedging	–	–	–	–	–	–	–	–	815	–	**815**
Profit from first half 2006	–	–	–	–	–	–	–	–	–	36,438	**36,438**
Balance at 30 June 2006	**29,040**	**5,808**	**243,222**	**1,043**	**3,041**	**–**	**(29,289)**	**1,954**	**815**	**201,303**	**456,937**
Balance at 1 January 2007	**29,040**	**5,808**	**243,222**	**1,086**	**3,041**	**26**	**(5,422)**	**3,520**	**2,127**	**248,702**	**531,150**
Dividend payout	–	–	–	–	–	–	–	–	–	(29,040)	**(29,040)**
Purchase of own shares	–	–	–	–	–	–	(2,284)	–	–	–	**(2,284)**
Use of own shares	–	–	–	–	–	–	5,419	–	–	–	**5,419**
Capital gains from sale of own shares	–	–	–	–	–	–	–	–	–	5,043	**5,043**
Stock option	–	–	–	–	–	–	–	1,639	–	–	**1,639**
Cash flow hedging	–	–	–	–	–	–	–	–	2,933	–	**2,933**
Tax effect on profits allocated directly to shareholders' equity	–	–	–	–	–	–	–	–	(968)	(186)	**(1,154)**
Profit from first half 2007	–	–	–	–	–	–	–	–	–	29,053	**29,053**
Balance at 30 June 2007	**29,040**	**5,808**	**243,222**	**1,086**	**3,041**	**26**	**(2,287)**	**5,159**	**4,092**	**253,572**	**542,759**

Statement of total Group profits in the first half of 2007 and 2006

€ / 000	First half 2007	First half 2006
Profits allocated directly to the fair value reserve	2,933	1,216
Capital gain on sale of own shares	5,043	–
Tax effect on profits allocated directly to shareholders' equity	(1,154)	(401)
Profits allocated directly to shareholders' equity	**6,822**	**815**
Net profit	29,053	36,438
Total profits reported for the period	**35,875**	**37,253**

Milan, 11 settembre 2007

Luca Garavoglia
Chairman of the Board of Directors

Statement of director responsible for drawing up the company's accounting statements pursuant to article 154 bis, paragraph 2, of legislative decree 58/1998 (Testo Unico della Finanza Law)

I, Paolo Marchesini, Chief Financial Officer, the director responsible for drawing up the company's accounting statements, hereby declare that the consolidated first-half report to 30 June 2007 of the Campari Group accurately represents the figures contained in the Group's accounting records.

The first-half report to 30 June 2007, subject to a limited audit, was prepared in accordance with the recommendations provided by the Consob Issuer Regulations, and with the valuation and measurement criteria set by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure in article 6 of Regulation (EC) 1606/02 of 19 July 2002 adopted by the European Parliament and Council.

Paolo Marchesini
Chief Financial Officer

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Auditors' review report on the Management Report as of and for the six months ended June 30, 2007 prepared pursuant to Article 81 of the Consob Regulation, adopted by the Resolution no. 11971 of May 14, 1999 and subsequent modifications and integrations

(Translation from the original Italian text)

To the Shareholders of
Davide Campari - Milano S.p.A.

1. We have reviewed the interim consolidated financial statements, consisting of the balance sheet, the statement of income, the statement of changes in shareholders' equity and the statement of cash flows (the "Statements") and the related explanatory notes, included in the Management Report of Davide Campari - Milano S.p.A. as of and for the six months ended June 30, 2007 (the "Six Months Management Report"). The Six Months Management Report is the responsibility of Davide Campari - Milano S.p.A.'s management. Our responsibility is to issue this review report based on our review. We have also examined that part of the information included in the management's discussion and analysis of operations, solely for the purpose of evaluating its consistency with the remaining part of the Six Months Management Report.

2. Our review was conducted in accordance with auditing standards governing the review of interim financial statements recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. The review consisted mainly of obtaining information with respect to the accounts included in the Statements and the consistency of the accounting principles applied, through discussions with appropriate members of management, and analytical procedures applied to the financial data presented in such Statements. The review did not include performing auditing procedures such as tests of compliance of internal controls and substantive procedures on assets and liabilities, and the scope of the work performed provides significant less assurance than a full scope audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the Six Months Management Report as we do in connection with reporting on our full scope audit of the annual consolidated financial statements of Davide Campari - Milano S.p.A..

3. With respect to the comparative data related to the consolidated financial statements of the preceding year and to the Management Report for the same period of the preceding year presented in the Statements, reference should be made to our audit and review reports issued on April 5, 2007 and on October 9, 2006, respectively.

■ Reconta Ernst & Young S.p.A.
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4. Based on our review, we are not aware of any significant modifications that should be made to the Statements and the related explanatory notes, identified in paragraph 1. of this report, in order for them to be in conformity with International Accounting Standard no. 34 and with the criteria for the preparation of the Six Months Management Report required by Article 81 of Consob Regulation as adopted in its Resolution no. 11971 of May 14, 1999 and subsequent modifications and integrations.

Milan, October 1, 2007

Reconta Ernst & Young S.p.A.
signed by:
Alberto Romeo
(Partner)