MARIE BRIZARD
WINE & SPIRITS

2016 HALF YEAR REPORT

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HALF-YEAR REPORT

1. Key operating figures

1.1. Overview of the consolidated financial statement

(in thousands of euros)	30.06.2016	30.06.2015	Evolution 2016 / 2015
Revenues	328 071	348 020	-5,7%
Revenues exc. duties	**205 012**	**222 688**	**-7,9%**
Ebitda	512	1 788	-71,4%
Ebitda margin	*0,2%*	*0,8%*	*-0,6 pt*
Current operating profit/(loss)	**(1 697)**	**(902)**	**-88,1%**
Operating result	1 826	(2 199)	183,0%
Cost of debt	(833)	(659)	-26,5%
Net financial items	(17 130)	(185)	-9159,6%
Net profit/(loss) Group share	**(13 529)**	**(3 239)**	**-317,7%**

MBWS reported first half 2016 sales revenue of €205M, a 6.6% decrease on a like-for-like basis (excluding Galerie Alkoholi in Poland, which was divested in May 2015). The top-line contraction during the period was largely attributable to sales decreases in two less profitable areas of the company: the French private label wine business, and non-core activities in Poland. Restated for scope effects, the change in revenues is the following:

(in thousands of euros)	H1 2015	Scope changes	H1 2015 restated	Like-for-like changes	Currency impacts	H1 2016	Like-for-like changes (exc. currency)	Like-for-like changes (inc. currency)
Core business activities	**166,2**	0,0	**166,2**	-1,7	-2,1	**162,4**	-1,0%	-2,2%
Non-core business activities	**56,5**	-3,1	**53,4**	-8,5	-2,3	**42,6**	-15,9%	-20,3%
Total MBWS	**222,7**	-3,1	**219,6**	-10,2	-4,4	**205,0**	-4,6%	-6,6%

The decrease in first semester revenue reflects a weather-related decline in the rosé wine business sales in France and lower sales in non-core activities in Poland, both of which are lower margin segments. The top-line decrease was partially offset by significant sales growth in a number of regions and businesses, namely the spirits segment in France, core pillar brands in Poland, and the markets of Eastern Europe, Scandinavia and Spain.

1.2. Results by region

France & international cluster Strong performance by pillar brands offset by private label rosé wine weakness

(in thousands of euros)	30.06.2016	30.06.2015	Evolution 2016 / 2015
Revenues	109 151	113 376	-3,7%
Revenues exc. duties	**109 151**	**113 376**	**-3,7%**
Ebitda	4 153	5 769	-28,0%
Ebitda margin	*3,8%*	*5,1%*	*-1,3 pt*
Current operating profit/(loss)	**3 643**	**4 794**	**-24,0%**

The international cluster includes Spain, Scandinavia and export sales by Marie Brizard Wine & Spirits in countries in which the Group does not have any subsidiaries.

In H1 2016, France and the international cluster recorded net sales of €109.2M, a decrease of 3.7% versus H1 2015, including notably France -4% to €93M, and Spain +4% to €5.9M. The France and International cluster reported EBITDA of €4.2M in H1 2016, a decrease of 28% versus the H1 2015.

In France, the overall performance primarily reflects:

- Sales growth in the spirits segment, driven by pillar brands William Peel and Sobieski. Both brands consolidated their positions as the leader and second place brands, respectively, in their categories.
- The slowdown in MBWS' third party rosé wine private label business in France, on the back of unseasonably cold and rainy weather in Q2, which led to a -10% volume contraction during the period. Fruits and Wine claimed leadership in the French market's flavoured wine segment, and performed better than the market average. The brand now has over 30% market share[1], a two-point gain compared to H1 2015.

In H1 2016, MBWS became the largest contributor to volume growth in the French market's spirits sector, accounting for 42% of total sector volume expansion and establishing its position as the sector's third largest player.

The EBITDA decrease was largely due to the A&P expenditure increase of +€1M in H1 2016, in line with the company's strategy for driving top-line growth in the pillar brands.

[1] Source : IRI CAD P6 2016

Poland: **non-core activities masked the positive performance of the rest of the business**

(in thousands of euros)	30.06.2016	30.06.2015	Evolution 2016 / 2015
Revenues	172 447	190 785	-9,6%
Revenues exc. duties	**70 004**	**84 338**	**-17,0%**
Ebitda	(263)	(126)	-108,8%
Ebitda margin	*-0,4%*	*-0,1%*	*-0,2 pt*
Current operating profit/(loss)	**(972)**	**(797)**	**-21,9%**

MBWS' reported revenue of €70.0M in H1, a –17.0% decrease versus H1 2015, impacted primarily by non-core activities.

The higher margin core pillar brands partially offset this decrease, posting revenue growth of 4% for H1 2016.

In the Q2 period, accelerating momentum in the pillar brands was underscored by top-line growth of 20.5%, driven by:

- Sales growth in large retail stores;
- The positive performance of William Peel (reaching a 1.7% market share of the Polish whisky market at the end of June);[2]
- Very strong growth (+45.6%) in flavoured Krupnik vodka[2].

EBITDA was negative €-0.3M in H1 2016 (compared to a loss of €-0.1M in H1 2015).

Lithuania **Strong performance of pillar brands**

(in thousands of euros)	30.06.2016	30.06.2015	Evolution 2016 / 2015
Revenues	30 688	28 756	6,7%
Revenues exc. duties	**10 909**	**10 576**	**3,1%**
Ebitda	1 574	1 144	37,6%
Ebitda margin	*14,4%*	*10,8%*	*+3,6 pt*
Current operating profit/(loss)	**938**	**646**	**45,3%**

MBWS confirmed the dynamism of its business in Lithuania, one of the company's legacy regions, achieving top-line growth of 3.1% in H1 2016 to €10.9M, and EBITDA of €1.6M, a 38% increase versus H1 2015. These positive results were driven by the strong performance of the pillar brands, and in particular, strong sales growth in William Peel whisky during the first half of the year.

The Lithuanian business will also benefit in future periods from the investment in alcohol rectification that took place during H1 2016.

[2] Source : NIELSEN CAD P6 2016

<u>United States:</u> MBWS Americas attains profitability

(in thousands of euros)	30.06.2016	30.06.2015	Evolution 2016 / 2015
Revenues	9 211	9 127	0,9%
Revenues exc. duties	**9 211**	**9 127**	**0,9%**
Ebitda	479	(331)	244,6%
Ebitda margin	*5,2%*	*-3,6%*	*+8,8 pt*
Current operating profit/(loss)	**427**	**(381)**	**212,0%**

The US business achieved profitability in H1 2016, in spite of challenging market conditions. MBWS Americas generated revenue of €9.2M, a 0.9% increase versus H1 2015, and EBITDA of €0.5M, versus a loss of €0.3M a year ago. This recovery was driven by an expansion in gross margin and improved cost control.

The double-digit growth in evidence during the first quarter did not continue into Q2, a consequence of the merger of two large US distributors during the quarter. The strength of the merged entity, which has a nationwide presence throughout the US, is expected to benefit MBWS' business in that key market.

In addition to seeking more distribution muscle, MBWS is pursuing a strategy of aggressive growth in the US, and intends to increase the presence and visibility of the pillar brands, led by Sobieski.

<u>Brazil:</u> Growing distribution

(in thousands of euros)	30.06.2016	30.06.2015	Evolution 2016 / 2015
Revenues	2 988	2 917	2,4%
Revenues exc. duties	**2 151**	**2 212**	**-2,7%**
Ebitda	235	685	-65,7%
Ebitda margin	*10,9%*	*31,0%*	*-20,1 pt*
Current operating profit/(loss)	**170**	**622**	**-72,6%**

In H1 2016, MBWS net sales increased by 21.6% in local currency, despite a challenging macroeconomic and political backdrop. However, the foreign exchange impact led to a top-line decrease of 2.7% to €2.2M. The macro-driven challenges also led to a slight EBITDA decrease to €0.2M (from €0.7M for the first-half of 2015). In Q2, MBWS' new management team in Brazil embarked on an ambitious campaign to expand product distribution in key regions of the country.

2. Outlook

<u>Outlook:</u> significant profitability improvement anticipated in H2 2016

MBWS expects to deliver EBITDA on the order of €20M for the full-year 2016 (excluding the impact of IFRS standard #2), driven by strong growth in its pillar brands, and in line with the objectives set forth in the BIG 2018 strategic plan. This EBITDA level should be achieved via:

1. Brand re-launch of Marie Brizard;
2. Continued investment in and strengthening of pillar brands (William Peel, Sobieski and Fruits and Wine) to drive their growth momentum;
3. Gains from the rationalization and optimization program, and control of salary expense.

MBWS reiterates the financial targets in the BiG 2018 plan, namely a top-line of €450M to €500M, and an EBITDA margin of 15%.

MBWS will publish its Q3 2016 revenue on November 8, 2016.

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

1. Half-year consolidated financial statement

(in thousands of euros)	Note	30.06.2016	30.06.2015
Revenues		**328 071**	**348 020**
Excise duties		(123 060)	(125 332)
Revenues exc. excise duties	3	**205 012**	**222 688**
Purchases consumed		(132 571)	(149 178)
External charges	4.1	(34 788)	(34 671)
Personnel costs	4.2	(32 366)	(31 755)
Taxes and levies		(4 664)	(4 846)
Depreciation charges		(3 175)	(3 085)
Other operating income	4.3	4 262	5 774
Other operating income	4.3	(3 407)	(5 829)
Underlying operating profit/(loss)		**(1 697)**	**(902)**
Other non-recurring operating income	4.4	8 227	1 757
Other non-recurring operating expenses	4.4	(4 704)	(3 054)
Operating profit/(loss)		**1 826**	**(2 199)**
Income from cash and cash equivalents	4.5	124	76
Gross cost of borrowings	4.5	(957)	(735)
Net cost of borrowings		**(833)**	**(659)**
Other financial income	4.5	1 382	6 362
Other financial expenses	4.5	(17 679)	(5 888)
Financial income/(expenses)		**(17 130)**	**(185)**
Profit/(loss) before tax		**(15 304)**	**(2 384)**
Income tax (charge)/income	4.6	1 662	(383)
Net profit/(loss) from continuing operations		**(13 642)**	**(2 767)**
Profit/(loss) from discontinued operations, net of tax		0	
NET PROFIT/(LOSS)		**(13 642)**	**(2 767)**
Group share		(13 529)	(3 239)
of which net profit/(loss) from continuing operations		(13 529)	(3 239)
of which net profit/(loss) from discontinued operations			
Non-controlling interests		(114)	472
of which net profit/(loss) from continuing operations		(114)	472
of which net profit/(loss) from discontinued operations			
Net earnings per share from continuing operations, Group share (€)	4.7	-0,50 €	-0,12 €
Diluted net earnings per share from continuing operations, Group share (€)	4.7	-0,50 €	-0,12 €
Net earnings per share, Group share (€)	4.7	-0,50 €	-0,12 €
Diluted net earnings per share, Group share (€)	4.7	-0,50 €	-0,12 €
Weighted average number of shares outstanding		27 258 228	26 475 753
Diluted weighted average number of shares outstanding		27 290 768	32 425 496

2. Consolidated half-year comprehensive income statement

(in thousands of euros)	30.06.2016	30.06.2015
Net profit/(loss) for the year	**(13 642)**	**(2 767)**
Items that may be reclassified to P/L		
Cash flow hedging, net of tax	(1 084)	1 243
Translation differences	363	(1 761)
Items not reclassified to P/L		
Revaluation of liabilities under defined benefit pension plans, net of tax		
Items of other comprehensive income for the year, net of tax	**(721)**	**(518)**
COMPREHENSIVE INCOME/(LOSS)	**(14 363)**	**(3 284)**
Of which:		
Group share	(14 102)	(3 828)
Non-controlling interests	(261)	544

The amounts in the comprehensive income statement are shown net of tax.

3. Consolidated balance sheet

Assets

(in thousands of euros)	Note	30.06.2016	31.12.2015
Non-current assets			
Goodwill	5.1	29 730	29 944
Intangible assets	5.2	105 184	105 254
Property, plant and equipment	5.3	53 900	51 929
Financial assets	5.4	5 372	2 126
Deferred tax assets		405	284
Total non-current assets		**194 591**	**189 537**
Currents assets			
Inventory and work-in-progress	5.5	73 405	71 782
Trade receivables	5.6	87 056	90 438
Tax receivables		3 431	151
Other current assets	5.7	30 064	25 949
Cash and cash equivalents	5.8	78 611	89 112
Total current assets		**272 567**	**277 431**
Assets held for sale	2	2 420	10 398
TOTAL ASSETS		**469 577**	**477 366**

Liabilities

(in thousands of euros)	Note	30.06.2016	31.12.2015
Share capital			
Capital	5.9	56 659	53 031
Premiums		448 178	416 615
Consolidated and other reserves		(260 258)	(262 618)
Translation reserves		(19 817)	(20 330)
Consolidated net profit/(loss)		(13 529)	5 847
Equity capital (Group share)		**211 234**	**192 546**
Non-controlling interests		10 030	11 788
Total equity capital		**221 264**	**204 334**
Non-current liabilities			
Employee benefits	5.10	6 270	6 221
Non-current provisions	5.11	3 694	5 050
Long-term borrowings - due in more than one year	5.12	45 566	2 827
Deferred tax liabilities		22 204	24 564
Other non-current liabilities	5.14	2 150	50 703
Total non-current liabilities		**79 884**	**89 365**
Current liabilities			
Current provisions	5.11	4 398	4 635
Long-term borrowings - due in less than one year	5.12	1 585	1 811
Short-term borrowings	5.12	13 927	13 514
Trade and other payables		71 206	63 012
Tax liabilities		1 285	1 758
Other current liabilities	5.14	76 028	97 872
Total current liabilities		**168 429**	**182 602**
Liabilities held for sale	2		1 066
TOTAL LIABILITIES		**469 577**	**477 366**

4. Statement of half-year consolidated cash flows

(in thousands of euros)	30.06.2016	30.06.2015
Total consolidated net profit/(loss)	**(13 642)**	**(2 767)**
Less net profit/(loss) from sold or held-for-sale operations		
Net profit/(loss) on continuing operations	**(13 642)**	**(2 767)**
Depreciation, amortisation and provisions	(1 379)	1 634
Fair value revaluation gains/losses	33	295
Impact of financial discounting / reverse discounting	14 615	2 970
Difference between the fair value/cash obtained on the transfer of treasury shares	34	66
Gains/(losses) on disposals and dilution	(4 929)	286
Impact of discontinued operations		
Operating cash flow after net cost of borrowings and tax	**(5 269)**	**2 485**
Income tax charge (credit)	(1 662)	383
Net cost of borrowings	833	668
Operating cash flow before net cost of borrowings and tax	**(6 098)**	**3 536**
Change in working capital 1 (inventories, trade receivables/payables)	9 953	(5 203)
Change in working capital 2 (other items)	(77 839)	(27 396)
Taxes paid	(3 917)	28 543
Cash flows from operating activities	**(77 902)**	**(520)**
Purchase of PP&E and intangible assets	(6 470)	(2 931)
Increase in loans and advances granted	(2 997)	(331)
Decrease in loans and advances granted	257	35
Disposal of PP&E and intangible assets	3 430	596
Disposal of financial assets		
Dividends received		
Impact of change in consolidation scope	(792)	179
Cash flow related to investing activities	**(6 572)**	**(2 452)**
Capital increase	35 192	7
Purchase of treasury shares	(3 282)	
Sale of treasury shares		
Borrowings received	43 801	226
Borrowings repaid	(1 379)	(1 249)
Net interest paid	(693)	(654)
Net change in short-term debt	572	(4 821)
Cash flow related to financing activities	**74 211**	**(6 491)**
Impact of fluctuations in exchange rates	(239)	741
Cash flows from operations sold and sale proceeds		231
Change in cash and cash equivalents	**(10 501)**	**(8 490)**
Opening cash and cash equivalents	89 112	77 184
Cash reclassifications		300
Cash from held-for-sale operations		
Closing cash and cash equivalents	78 611	68 995
Change in cash and cash equivalents	**(10 501)**	**(8 490)**

5. Change in half-year equity capital

(in thousands of euros)	Capital	Premiums	Consolidated reserves	Revaluation of liabilities under defined benefit pension plans	Fair value adjustments	Translation reserves	Treasury shares	**Equity capital Group share**	Non-controlling interests	**Total equity capital**
01.01.2015 b/fwd restated	**52 973**	**416 359**	**(262 686)**	**(221)**	**203**	**(17 557)**	**(254)**	**188 818**	**10 696**	**199 514**
Comprehensive income/loss for the period			**(3 239)**		**1 243**	**(1 832)**		**(3 828)**	**544**	**(3 284)**
Capital increase	1	3						**4**		**4**
Treasury shares							66	**66**		**66**
Stock-option plan expenses			295					**295**		**295**
Changes in consolidation			(88)					**(88)**	18	**(70)**
Other changes			(2)					**(2)**	5	**3**
30.06.2015 c/fwd	**52 974**	**416 362**	**(265 720)**	**(221)**	**1 446**	**(19 389)**	**(188)**	**185 264**	**11 261**	**196 525**

(in thousands of euros)	Capital	Premiums	Consolidated reserves	Revaluation of liabilities under defined benefit pension plans	Fair value adjustments	Translation reserves	Treasury shares	**Equity capital - Group share**	Non-controlling interests	**Total equity capital**
01.01.2016 b/fwd	**53 031**	**416 615**	**(256 614)**	**47**	**(74)**	**(20 330)**	**(132)**	**192 546**	**11 788**	**204 334**
Comprehensive income/loss for the period			**(13 529)**		**(1 084)**	**510**		**(14 102)**	**(261)**	**(14 363)**
Capital increase	3 628	31 563						**35 191**		**35 191**
Treasury shares							(3 248)	**(3 248)**		**(3 248)**
Stock-option plan expenses			33					**33**		**33**
Changes in consolidation			723					**723**	(1 497)	**(774)**
Other changes			92					**92**		**92**
30.06.2016 c/fwd	**56 659**	**448 178**	**(269 295)**	**47**	**(1 158)**	**(19 817)**	**(3 380)**	**211 234**	**10 030**	**221 264**

6. Appendix to the condensed consolidated half-year financial statements

Marie Brizard Wine & Spirits (MBWS) is a public limited liability company with a Board of Directors incorporated under French law, subject specifically to the provisions of the French Commercial Code. MBWS shares are listed on the stock exchanges of Paris (Euronext, compartment B) and Warsaw (Warsaw Stock Exchange, WSE). The MBWS Group operates in the Wines and Spirits sector.

The company's registered office is 19 Boulevard Paul Vaillant Couturier – 40, quai Jean Compagnon Ivry-sur-Seine (94200).

The condensed consolidated half-year financial statements at 30 June 2016 were approved by the Board of Directors on 20 September 2016.

The amounts are shown in thousands of euros, unless otherwise stated.

Highlights

Amicable settlement of litigation with Chamarré

On 18 March 2016, Marie Brizard Wine & Spirits announced that its Moncigale subsidiary had reached an agreement aimed at ending its litigation with Chamarré, represented by SCP BTSG in its capacity as the court-ordered liquidator.

Under the terms of the settlement, SCP BTSG, acting in the capacity of Chamarré's liquidator, will receive an amount equivalent to the amount recorded under provisions for risk in Moncigale's financial statements, i.e. €675,000. In an order issued on 17 March 2016, the Paris Commercial Court authorised SCP BTSG to reach a compromise under the terms of the agreement, and to sign the settlement agreement submitted, thereby definitively ending the dispute.

The settlement agreement was approved by the Paris Commercial Court on 12 July 2016.

Public exchange offer for the existing warrants

The Extraordinary General Meeting convened on 5 January 2016 authorised the issuance of new warrants to subscribe to shares in the Company, with waiver of shareholders' preferential subscription rights, in exchange for the 2004, 2006, Shareholder 1, Shareholder 2 and SB share warrants issued by Marie Brizard Wine & Spirits (the "Existing Share Warrants") that were included in the simplified public exchange offer launched on those share warrants by Marie Brizard Wine & Spirits.

This transaction was carried out in order to simplify the Group's capital structure by creating a single tranche of share warrants that will have a consistent exercise price and a simple conversion ratio, in order to clarify understanding of the share and its potential dilutive instruments.

Following this transaction, 2,628,381 2016 share warrants were issued and delivered in exchange for the share warrants contributed to the offer. The maturity of the BSA 2016 share warrants was set at 31 December 2016, with an exercise price of €20. Holders of 2016 share warrants who exercised them before 31 March 2016 received a bonus redeemable share warrant (BSAR 2023) with maturity set at 31 December 2023 and an exercise price of €25.

A total of 1,659,938 BSA 2016 share warrants had been exercised as at 31 March 2016. A total of 1,659,938 BSAR 2023 redeemable share warrants were issued as a result.

A total of 1,802,216 BSA 2016 share warrants had been exercised as at 4 April 2016. Consequently, 1,802,216 new shares in Marie Brizard Wine & Spirits were issued as a result, resulting in a capital increase of €3,604,432, an issue premium of €32,439,888 (i.e. dilution of 6.8%) and cash inflow of €36,044,320, i.e. a success rate of around 70%.

Signing of a €62.5M long-term credit facility

On 13 May 2016, Marie Brizard Wine & Spirits announced the signing of a five-year €62.5 M credit facility. This loan, made available by a syndicate of French banks, was used in particular to finance the early exit of subsidiaries still subject to continuation plans. On 30 June 2016, this loan was drawn for €45 M. It is subject to bank ratios.

Early exit from the recovery plan

Marie Brizard Wine & Spirits France has chosen to settle in advance the debt recognized as part of its recovery plan, and thus deposited the contested amounts in escrow on 17 March 2016. The payment, which was funded entirely from shareholders' equity, was made to the plan administrator. The exit from the recovery plan was confirmed by the Dijon Commercial Court in a ruling dated 5 April 2016.

Marie Brizard Wine & Spirits and its Polish subsidiaries have carried out the early repayment of their entire debt as recognized within the framework of their respective recovery plans. The Dijon Commercial Court agreed, through its rulings of 28 June, 2016 that the execution of the recovery plans of each of the companies had been completed with the repayment of theentire debt as recognized within the framework of their respective plans.

Consequently, following the exit of its recovery plan by Marie Brizard Wine & Spirits France, Marie Brizard Wine & Spirits and its five Polish subsidiaries have now officially exited their respective recovery plans, five years early.

Acquisition of minority interests

In February 2016, MBWS acquired 9.15% of the minority interests of the Lithuanian entity Vilnius Degtine for €0.8 M, which is now 77.44% owned by the Group.

Crossing of ownership thresholds

Upper threshold crossed by COFEPP

In a letter received on 11 March 2016, Compagnie Financière Européenne de Prise de Participation (COFEPP), a Limited Company (85 rue de l'Hérault, 94220 Charenton-le-Pont) declared that it had crossed the upper 10% threshold in the Company's share capital and voting rights on 7 March 2016, and that it held 2,944,445 Marie Brizard Wine & Spirits shares representing as many voting rights, i.e. 11.12% of the share capital and 11.00% of the voting rights in the Company.

Lower threshold crossing by Diana Holding and DF Holding

In a letter dated 11 March 2016, supplemented by a letter received on 14 March 2016, the concert party consisting of Diana Holding and DF Holding declared that it had crossed the lower 20% threshold in the share capital and voting rights of MBWS on 7 March 2016, and that it held 5,119,000 shares in MBWS on that date, representing as many voting rights, i.e. 19.33% of the share capital and 19.12% of the voting rights in the Company

Note 1. Accounting rules and policies

1.1. Accounting principles and policies applied

The condensed consolidated financial statements of MBWS S. A. and its subsidiaries (the Group) for the six months ended 30 June 2016 have been prepared in compliance with IAS 34 - relative to Interim Financial Reporting and with all the standards and interpretations adopted by the European Union that are compulsorily applicable to financial years beginning on or after 1 January 2016.

These standards include the standards approved by the IASB *(International Accounting Standards Board)*, i.e. the IFRS standards, the IAS *(International Accounting Standards)* and their interpretations.

The condensed financial statements do not contain all of the information required by IFRS for the presentation of annual financial statements and should therefore be read in conjunction with the Group annual consolidated financial statements for the year ended 31 December 2015 as presented in the 2015 Annual Financial Report, which may be viewed on the Company website at http://www.mbws.com.

The accounting policies and methods applied to the condensed consolidated financial statements for the six months ended 30 June 2016 are identical to those applied to the consolidated financial statements ended for the prior year, with the exception of the new accounting standards listed

Standards, interpretations and IFRS amendments adopted by the European Union and compulsory from 1 January 2016

- IFRS improvements published in December 2013 (2010-2012 cycle)
- IFRS improvements published in September 2014 (2012-2014 cycle)
- Amendments to IAS 19 - "Defined Benefit Plans: Employee Contributions";
- Amendments to IAS 16 and IAS 38 – "Clarification of Acceptable Methods of Depreciation and Amortisation";
- Amendments to IAS 16 and IAS 41 regarding "Agriculture : Bearer biological assets";
- Amendments to IAS 1, "Disclosure Initiative";
- Amendment to IFRS 11 – "Accounting for Acquisitions of Interests in Joint Operations";

These texts compulsorily applicable with effect from 1 January 2016 do not significantly impact the Group's financial statements.

Standards, interpretations and IFRS amendments published but not yet applicable or applied optionally by the Group

- IFRS 15 – "Revenue from Contracts with Customers";
- IFRS 9 – "Financial Instruments" (a standard intended to gradually supersede IAS 39);
- IFRS 16, "Leases";
- Amendments to IAS 12, "Recognition of Deferred Tax Assets for Unrealised Losses";
- Amendments to IAS 7, "Disclosure Initiative";
- Amendments to IFRS 10 and IAS 28, "Sales or Contributions of Assets between an Investor and its Associate/Joint Venture";
- Amendment to IFRS 2 – Classification and measurement of share-based payment transactions.

The possible impact on accounts related to the application of these new texts is being assessed.

1.2. Underlying valuation principles

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

1.3. Use of estimates and assumptions

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

The underlying estimates and assumptions are reviewed on an ongoing basis. The impacts of such reviews are posted to the accounting period during which the reviews took place or to future accounting periods if applicable.

1.4. Financial liabilities

Financial liabilities are principally current and non-current financial debts with credit institutions. These financial liabilities are initially measured at fair value, less transaction costs directly attributable to the operation.

Subsequently, they are measured at their amortised cost by using the effective interest method.

1.5. Indicators used to measure Group performance

The Group used as principal performance indicators core business revenue, gross profit and EBITDA. These indicators are calculated as follows:

Core business revenue

The reporting of core businesses concerns Poland only.

Core business revenue corresponds to the proceeds from the sale of bottles produced by the Group's Polish factories, Destylarnia Sobieski and Polmos Lancut, and sold on the one hand by the MBWS Polska distribution subsidiary and on the other hand by our network of wholesalers in Poland.

Gross profit

Gross profit is defined as revenues excluding duties less the amount of the purchases used in production.

EBITDA

CURRENT OPERATING RESULT	*Consolidated financial statement*
Elements to be reincorporated:	
- *Depreciation charges*	*Consolidated financial statement*
- *Provision for pensions*	*Note 4.2*
- *Allocation to provisions*	*Note 4.3*
Elements to be excluded:	
- *Reversals*	*Note 4.3*
= EBITDA	

Note 2. Change in the scope of consolidation

In the first half of 2016 the Group sold off non-strategic assets ("Lot N°1") held by its Polish subsidiary Polmos Krakow.

Moreover, on 30 June 2016, the Group’s management estimates that two assets fulfil the conditions of application of standard IFRS 5 "Non-Current Assets Held for Sale": the as yet unsold assets of he Polish company Polmos Krakow ("Lot N°2") and the Fondaudège site in France (presented in IFRS 5 as early as December 2015), for which promises of sale were signed in December 2015.

Note 3. Segment Information

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

The International cluster includes the export business from France and the Spanish and Danish businesses.

Segment information - income statement

(in thousands of euros)	*France & international cluster*	*Poland*	*Lithuania*	*Bulgaria*	*Other countries*	*Holding company*	*inter-segment*	**30.06.2016**
Third party revenues	109 151	172 447	30 688	3 585	12 201			**328 071**
Inter-segment revenues	2 031	3 858	947	202		(5)	(7 033)	
Revenues	**111 182**	**176 305**	**31 635**	**3 787**	**12 201**	**(5)**	**(7 033)**	**328 071**
Excise duties		(102 444)	(19 779)		(837)			**(123 060)**
Revenues exc. duties	**111 182**	**73 862**	**11 856**	**3 787**	**11 364**	**(5)**	**(7 033)**	**205 012**
Underlying operating profit/(loss)	**3 643**	**(972)**	**938**	**(204)**	**558**	**(5 660)**		**(1 697)**
Other operating and income expenses								**3 523**
Net financial income/(expenses)								**(17 130)**
Income tax (charge)/income								**1 662**
Profit/(loss)								**(13 642)**

(in thousands of euros)	*France & international cluster*	*Poland*	*Lithuania*	*Bulgaria*	*Other countries*	*Holding company*	*inter-segment*	**30.06.2015**
Third party revenues	113 376	190 785	28 756	2 987	12 094	22		**348 020**
Inter-segment revenues	1 884	4 576	601	95		1 903	(9 058)	
Revenues	**115 260**	**195 361**	**29 357**	**3 081**	**12 094**	**1 925**	**(9 058)**	**348 020**
Excise duties		(106 448)	(18 180)		(704)			**(125 332)**
Revenues exc. duties	**115 260**	**88 913**	**11 177**	**3 081**	**11 390**	**1 925**	**(9 058)**	**222 688**
Underlying operating profit/(loss)	**4 794**	**(797)**	**646**	**(821)**	**246**	**(4 969)**		**(902)**
Other operating and income expenses								**(1 297)**
Net financial income/(expenses)								**(185)**
Income tax (charge)/income								**(383)**
Profit/(loss)								**(2 767)**

Segment information - balance sheet

(in thousands of euros)	*France & international cluster*	*Poland*	*Lithuania*	*Bulgaria*	*Other countries*	*Holding company*	*inter-segment*	**30.06.2016**
Goodwill	24 446	4 963	321					**29 730**
Intangible assets	98 969	3 816	146	189	1 108	956		**105 184**
Property, plant and equipment	24 811	12 413	11 591	2 968	2 077	41		**53 900**
Fixed assets	**148 226**	**21 192**	**12 058**	**3 157**	**3 185**	**997**		**188 814**
Working capital	**6 035**	**39 299**	**4 064**	**(576)**	**5 554**	**2 518**		**56 894**
Deferred taxes and non-current liabilities	**(35 274)**	**(1 087)**	**(1 618)**	**(829)**	**30**	**14 829**		**(23 949)**
Capital employed	**118 987**	**59 405**	**14 505**	**1 752**	**8 768**	**18 344**		**221 760**
Capital expenditure	3 266	1 556	1 536	68	109	174		**6 710**
Depreciation charges	(1 361)	(1 624)	(522)	(110)	(66)	(90)		**(3 773)**

(in thousands of euros)	*France & international cluster*	*Poland*	*Lithuania*	*Bulgaria*	*Other countries*	*Holding company*	*inter-segment*	**31.12.2015**
Goodwill	24 446	5 163	334					**29 944**
Intangible assets	99 063	4 074	156	176	923	862		**105 254**
Property, plant and equipment	22 814	13 643	10 575	3 108	1 738	51		**51 929**
Fixed assets	**146 323**	**22 880**	**11 065**	**3 285**	**2 661**	**913**		**187 127**
Working capital	**6 150**	**(5 023)**	**4 623**	**2 497**	**4 631**	**12 804**		**25 682**
Deferred taxes and non-current liabilities	**(39 092)**	**(17 851)**	**(1 726)**	**(856)**	**33**	**(15 490)**		**(74 983)**
Capital employed	**113 381**	**6**	**13 962**	**4 925**	**7 324**	**(1 773)**		**137 826**
Capital expenditure	6 056	1 192	3 619	542	182	157		**11 747**
Depreciation charges	(2 329)	(2 465)	(1 018)	(257)	(138)	(89)		**(6 295)**

Note 4. Notes on the income statement

4.1. External charges

(in thousands of euros)	30.06.2016 6 months	30.06.2015 6 months
Marketing and promotion	(8 460)	(6 122)
Rental and maintenance	(5 445)	(5 632)
Transport	(5 586)	(6 270)
Other external services	(15 296)	(16 647)
External charges	**(34 788)**	**(34 671)**

External charges for the first half of 2016 were flat versus the first half of 2015.

First-half marketing and promotion expenditure increased by €2.3M i.e. 38%, versus 30 June 2015, mainly due to publicity campaigns launched during the first half of 2016 for pillar brands.

The decrease in other external services was mainly due to the decrease in fees, as a result of the internalisation of management positions.

4.2. Salary expense

(in thousands of euros)	30.06.2016 6 months	30.06.2015 6 months
Payroll	(24 170)	(23 975)
Social security and personal insurance charges	(8 058)	(7 641)
Retirement provisions	(138)	(139)
Personnel costs	**(32 366)**	**(31 755)**

	30.06.2016 6 months	30.06.2015 6 months
Employees	2 241	2 332

Salary expense was flat versus 30 June 2015 (+2%). The increase in the holding company's salary expense, linked to the recruitment drive that has been stepped up since January 2015, was partly offset by the impact of restructuring operations in Poland.

4.3. Other operating income and expenses

Other operating income and expenses are detailed below:

(in thousands of euros)	Income	Expenditure	30.06.2016 6 months	30.06.2015 6 months
Provisions and reversals	3 190	(2 086)	1 104	533
Other operating and income expenses	1 072	(1 321)	(250)	(588)
Other operating and income expenses	**4 262**	**(3 407)**	**855**	**(55)**

4.4. Other non-recurring income and expenses

(in thousands of euros)	Income	Expenditure	30.06.2016 6 months
Restructuring income and expenses	56	(3 557)	(3 502)
Gains/losses on asset disposals	4 187		4 187
Items related to Group financial restructuring	3 984	(1 147)	2 837
Other non-recurring income and expenditure	**8 227**	**(4 704)**	**3 523**

(in thousands of euros)	Income	Expenditure	30.06.2015 6 months
Other non-recurring income and expenditure	**1 757**	**(3 054)**	**(1 297)**

Other non-recurring operating income and expenses consist of non-recurring transactions and are excluded from underlying operating profit/(loss) for clarity pursposes, , particularly in terms of drawing comparisons between the periods presented.

At 30 June 2016, other non-recurring income and expenses consisted of:

- Profit of €4.1M on the sale of Polmos Krakow assets;
- Net financial income of €2.8M related to the financial restructuring of the company, following the write-off of payables, following the early exit of the Group from its rehabilitation plan; partially offset by the fees associated with various legal procedures related to restructuring;
- Net charges for restructuring resulting in particular from reorganisations in Poland (€1.6 M) and the departure of employees who were not replaced at the French, Spanish and Polish entities (€1.5M).

4.5. Net financial income/(expenses)

(in thousands of euros)	Income	Expenditure	30.06.2016 6 months	30.06.2015 6 months
Income from cash and cash equivalents	124		124	76
Interest and similar charges		(957)	(957)	(735)
Net cost of borrowings	**124**	**(957)**	**(833)**	**(659)**
Provisions and reversals				
Exchange gains/losses	1 143	(2 876)	(1 733)	3 244
Discounting effects		(14 615)	(14 615)	(2 974)
Other operating income and expenses	239	(188)	51	204
Other operating income and expenses	**1 382**	**(17 679)**	**(16 297)**	**475**
NET FINANCIAL ITEMS	**1 506**	**(18 636)**	**(17 130)**	**(185)**

The increase in the cost of net financial debt versus 30 June 2015 is linked to interest charges on the senior loan put in place in May 2016.

Other financial income and expense was primarily affected by the impact of reverse discounting of the frozen debt of MBWS and the Polish subsidiaries, repaid early in May 2016.

4.6. Income tax (charge)/income

Breakdown of the tax charge

(in thousands of euros)	30.06.2016 6 months	30.06.2015 6 months
Income tax expenses	1 662	(383)

Group tax is calculated by using the annual rates projected in each of the Group's tax jurisdiction and corrected for the main permanent differences.

The tax credit at 30 June 2016 was €1.7 M. It consisted of a current tax expense of €0.2 M and a deferred tax credit of €1.8 M.

4.7. Earnings per share

Net profit Group share and EPS from continuing operations

(in thousands of euros unless otherwise stated)	30.06.2016 6 months	30.06.2015 6 months
Numerator *(in thousands of euros)*		
Net profit/(loss) Group share	(13 529)	(3 239)
Net profit/(loss) from continuing operations, Group share	(13 529)	(3 239)
Denominator *(number of shares)*		
Number of shares outstanding	27 258 228	26 475 753
Number of shares outstanding after dilution	27 290 768	32 425 496
Earnings per share *(€)*		
Net earnings per share, Group share (€)	-0,50 €	-0,12 €
Diluted net earnings per share, Group share (€)	-0,50 €	-0,12 €
Net earnings per share from continuing operations, Group share (€)	-0,50 €	-0,12 €
Diluted net earnings per share from continuing operations, Group share (€)	-0,50 €	-0,12 €

Note 5. Notes to the balance sheet

5.1. Goodwill

(in thousands of euros)	31.12.2015	Impairment	Change in consolidation	Transfer	Translation differences	30.06.2016
Gross goodwill	**176 912**				**(1 256)**	**175 656**
- France	143 216					143 216
- Poland	32 009				(1 243)	30 766
- USA	1 315					1 315
- Others	372				(13)	359
Impairment	**(146 968)**				**1 042**	**(145 926)**
- France	(118 770)					(118 770)
- Poland	(26 846)				1 042	(25 803)
- USA	(1 315)					(1 315)
- Others	(38)					(38)
Net goodwill	**29 944**				**(214)**	**29 730**

(in thousands of euros)	31.12.2014	Impairment	Change in consolidation	Transfer	Translation differences	31.12.2015
Gross goodwill	**176 842**				**70**	**176 912**
- France	143 216					143 216
- Poland	31 939				70	32 009
- USA	1 315					1 315
- Others	372					372
Impairment	**(146 910)**				**(58)**	**(146 968)**
- France	(118 770)					(118 770)
- Poland	(26 787)				(58)	(26 846)
- USA	(1 315)					(1 315)
- Others	(38)					(38)
Net goodwill	**29 932**				**11**	**29 944**

The *goodwill* arose from the historical brand acquisitions made by the MBWS Group, the two most significant of which are Marie Brizard and William Peel.

Goodwill impairment test:

A review of the Group's assets was performed as at 30 June 2016, in accordance with IAS 36, in order to identify if the cash generating units (CGU) presented indications of impairment charges.

The recoverable value of the CGUs is based on the assumptions presented in the updated strategic plan "BiG v2.0", drawn up in particular based on the rates of growth estimated for the wine and spirits market and the capacity of the Group to materialize the different shares detailed in the plan.

No impairment charge indicator by CGU having been noted, the value tests were not carried out in the half-year statement and no additional impairment charge was recognised at 30 June 2016.

5.2. Trademarks and other intangible assets

(in thousands of euros)	31.12.2015	Acquisitions	Disposals	Net charges/impairment	Other movements	Change in consolidation	Translation differences	30.06.2016
Concessions and patents	2 202						(7)	2 195
Trademarks	138 177						(66)	138 111
Other intangible assets	13 553	314			7		(316)	13 558
Gross	**153 932**	**314**			**7**		**(389)**	**153 864**
Concessions and patents	(529)			(23)			7	(545)
Trademarks	(36 107)			(14)			157	(35 964)
Other intangible assets	(12 042)			(259)			130	(12 171)
Amortisation and provisions	**(48 678)**			**(296)**			**294**	**(48 680)**
NET	**105 254**	**314**		**(296)**	**7**		**(95)**	**105 184**

(in thousands of euros)	31.12.2014	Acquisitions	Disposals	Net charges/impairment	Other movements	Change in consolidation	Translation differences	31.12.2015
Concessions and patents	2 244	85	(128)				1	2 202
Trademarks	138 475						(299)	138 177
Other intangible assets	21 031	858	(510)		(7 858)		32	13 553
Gross	**161 750**	**944**	**(638)**		**(7 858)**		**(265)**	**153 932**
Concessions and patents	(591)		128	(64)			(1)	(529)
Trademarks	(36 065)			(34)			(9)	(36 107)
Other intangible assets	(14 195)		510	(350)	2 000		(7)	(12 042)
Amortisation and provisions	**(50 850)**		**638**	**(448)**	**2 000**		**(18)**	**(48 678)**
NET	**110 900**	**944**		**(448)**	**(5 858)**		**(283)**	**105 254**

Trademarks

The net value of trademarks amounted to €102,147k as at 30 June 2016. The main trademarks valued were those of the Marie Brizard segment (acquired by the Group in 2006).

The William Peel trademark was pledged to a bank as security for the loan subscribed in May 2016 by the Group for a residual principal amount of €45M

Leasehold rights

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

The net value of the long-term leasehold rights recognised under 'Other intangible assets' as at 30 June 2016 amounted to €1,170k.

Impairment tests on trademarks

In the absence of an identified impairment charge indicator, the value tests were not carried out at end June 2016 and the recoverable value of the trademarks is based on the assumptions used at end of December 2015.

5.3. Property, plant and equipment

(in thousands of euros)	31.12.2015	Acquisitions	Disposals	Net charges/impairment	Other movements	Change in consolidation	Translation differences	30.06.2016
Land	20 969	56			70		96	21 191
Buildings	83 322	925	(44)		1 461		(689)	84 975
Plant, machinery and equipment	95 436	1 288	(574)		1 957		(1 183)	96 924
Other PP&E	13 358	1 451	(382)		(1 590)		(193)	12 644
PP&E in progress	6 270	1 593			(2 606)		(8)	5 249
Gross	**219 355**	**5 313**	**(1 001)**		**(708)**		**(1 977)**	**220 983**
Landscaping	(1 358)			(99)			7	(1 450)
Buildings	(60 375)		30	(1 005)	519		501	(60 330)
Plant, machinery and equipment	(86 457)		573	(1 252)	(63)		1 115	(86 084)
Other PP&E	(18 761)		360	(548)	91		122	(18 736)
PP&E in progress	(475)			(13)			6	(482)
Depreciation and provisions	**(167 426)**		**963**	**(2 917)**	**547**		**1 751**	**(167 082)**
NET	**51 929**	**5 313**	**(37)**	**(2 917)**	**(162)**		**(226)**	**53 901**

(in thousands of euros)	31.12.2014	Acquisitions	Disposals	Net charges/impairment	Other movements	Change in consolidation	Translation differences	31.12.2015
Land	11 079	46			10 124		(280)	20 969
Buildings	86 563	599	(1 325)		(2 439)		(75)	83 322
Plant, machinery and equipment	96 460	1 257	(1 920)		(160)		(201)	95 436
Other PP&E	21 483	3 257	(1 527)		(9 897)		41	13 358
PP&E in progress	1 023	5 472			(226)		1	6 270
Gross	**216 608**	**10 630**	**(4 772)**		**(2 598)**		**(514)**	**219 355**
Landscaping	(1 472)			(49)	164			(1 358)
Buildings	(66 405)		895	2 719	2 409		8	(60 375)
Plant, machinery and equipment	(86 366)		1 737	(2 335)	383		124	(86 457)
Other PP&E	(19 138)		1 336	(1 018)	80		(20)	(18 761)
PP&E in progress	(304)			(174)			3	(475)
Depreciation and provisions	**(173 686)**		**3 967**	**(857)**	**3 036**		**115**	**(167 426)**
NET	**42 922**	**10 630**	**(805)**	**(857)**	**438**		**(399)**	**51 929**

Capital expenditure mainly concerned the upgrading and replacement of production equipment in Lithuania, Poland and Spain.

5.4. Financial assets

(in thousands of euros)	31.12.2015	Acquisitions / increases	Disposals / decreases	Net charges	Other movements	Change in consolidation	Translation differences	30.06.2016
Equity shares	17 795	4	(2 050)				(7)	15 743
Other long-term securities	17							17
Other investments	34 091	2 989	(257)				(5)	36 818
Other receivables	11 161				3			11 164
Gross	**63 064**	**2 993**	**(2 307)**		**3**		**(12)**	**63 742**
Equity shares	(17 779)		2 050				7	(15 722)
Other investments	(31 998)				500		11	(31 487)
Other receivables	(11 161)							(11 161)
Impairment	**(60 938)**		**2 050**		**500**		**18**	**(58 370)**
NET	**2 126**	**2 993**	**(257)**		**503**		**6**	**5 372**

(in thousands of euros)	31.12.2014	Acquisitions / increases	Disposals / decreases	Net charges	Other movements	Change in consolidation	Translation differences	31.12.2015
Equity shares	18 764		(1 069)		100			17 795
Other long-term securities	17							17
Escrow deposit								
Other investments	33 515	546	(66)		10		85	34 091
Other receivables	11 161							11 161
Gross	**63 458**	**546**	**(1 135)**		**110**		**85**	**63 064**
Equity shares	(18 740)		1 061	(100)				(17 779)
Other long-term securities								
Other investments	(31 937)						(61)	(31 998)
Other receivables	(11 157)			(4)				(11 161)
Impairment	**(61 834)**		**1 061**	**(104)**			**(61)**	**(60 938)**
NET	**1 624**	**546**	**(74)**	**(104)**	**110**		**25**	**2 126**

Equity shares:

Equity shares primarily correspond to investments in companies with no operations or companies that are in the process of being shut down. Most of these investments have been fully written off.

Other financial assets:

Other financial assets primarily correspond to the commercial paper subscribed with Clico Investment Bank in 2006, which has been fully written off.

5.5. Inventories

(in thousands of euros)	30.06.2016	31.12.2015
Raw materials	28 871	25 613
Work in progress	6 087	4 631
Semi-finished and finished goods	20 570	20 459
Traded goods	26 160	29 894
Gross	**81 688**	**80 597**
Raw materials	(2 450)	(2 712)
Work in progress	(21)	(26)
Semi-finished and finished goods	(974)	(1 050)
Traded goods	(4 837)	(5 027)
Impairment	**(8 283)**	**(8 815)**
NET	**73 405**	**71 782**

Inventories increased by €1.1M in gross value over the first half of 2016. This increase, principally in France was the result of seasonal effects in particular for the Fruits and Wine brand.

Compared with 30 June 2015, inventories decreased by €8.0M in gross value, the result of the optimisation initiatives implemented since 2014, in particular in Poland and France.

5.6. Trade and other receivables

(in thousands of euros)	30.06.2016	31.12.2015
Trade and other receivables	96 131	99 188
Impairment	(9 075)	(8 750)
Net trade receivables	**87 056**	**90 438**

Some Group companies, primarily in France and Poland, have signed direct “reverse factoring agreements” with their main customers, in order to boost the performance of their key operating working capital indicators.

The gross value of trade receivables decreased by €3.1M over the first-half of 2016. This decrease was primarily due to the initiatives implemented by the Group since 2014 to manage working capital requirements.

Compared with 30 June 2015, the net value of trade receivables decreased by €8.0M.

The factoring contracts leading to so-called deconsolidation meet the reversal of recognition conditions set out in IAS 39. Accordingly, the trade receivables assigned are not shown under balance sheet assets. The amount received in consideration for receivables not due assigned as at 30 June December 2016 was €52.6M, compared with €66.8M as at 31 December 2015 and €19.5M at 30 June 2015. This change is primarily explained by the renegotiation of existing factoring contracts as deconsolidation contracts over the second half of 2015..

5.7. Other current assets

(in thousands of euros)	30.06.2016	31.12.2015
Advances and payments on account	1 931	4 530
Tax and employee receivables	8 520	12 149
Derivatives	1	18
Short-term deposits	262	437
Other receivables	23 728	16 355
Gross	**34 442**	**33 489**
Other receivables	(4 378)	(7 541)
Impairment	**(4 378)**	**(7 541)**
NET	**30 064**	**25 949**

5.8. Cash and cash equivalents

(in thousands of euros)	30.06.2016	31.12.2015
Cash equivalents	14 079	20 417
Cash	64 532	68 694
Cash and cash equivalents	**78 611**	**89 112**

A breakdown of the change in cash and cash equivalents during the first half of 2016 is provided in the *cash flow statement*.

Cash and cash equivalents decreased by €10.5M compared with 31 December 2015 and amounted to €78.6M at the end of the period.

5.9. Shareholders' equity

5.9.1 Breakdown of the share capital and dilutive instruments

	30.06.2016	31.12.2015
Share capital *(€)*	56 659 408	53 031 188
Number of shares	28 329 704	26 515 594
Nominal value *(€)*	2	2
Treasury shares		
Number of shares	175 587	3 437

The 175,587 treasury shares held at the end of June 2016 are shares held in registered accounts. The treasury shares held by the Group have no voting or dividend rights.

Potential dilution

	30.06.2016	31.12.2015
Number of shares comprising share capital	**28 329 704**	**26 515 594**
Potential dilution of BSA 2004 / 'BSAR1'		
Potential dilution of BSAR 2006 / 'BSAR2'		
Potential dilution of BSA Actionnaires 1		
Potential dilution of BSA Actionnaires 2		
Potential dilution of BSA 2016		
Potential dilution of BSA 2023		
Potential BSA SO		
Potential Bonus Shares	8 880	8 960
Potential Subscription Options or shares purchases	23 660	12 164
Potential number of shares	**28 362 244**	**26 536 718**
Share capital in euros *(nominal value of €2)*	**56 659 408**	**53 031 188**

There was no potential dilution from the share warrants as at 30 June 2016, as the exercise price was higher than the average annual share price for the first half of 2016.

Statement of the share warrants as at 30 June 2016

	Parity	Subscription price per share	Exercise price of a BSA	End of exercise period	30.06.2016	31.12.2015
BSA 2004 / 'BSAR1'	1,10	23,82	26,20	23/04/2018	38 184	585 262
BSAR 2006 / 'BSAR2'	1,07	23,82	25,49	23/04/2018	49 878	93 010
BSA Actionnaires 1	0,38	23,82	9,16	23/04/2016	-	3 423 483
BSA Actionnaires 2	0,38	23,82	9,16	23/04/2018	1 672 951	3 425 277
BSA SO	0,03	20,01	0,55	31/12/2016	40 677 428	93 161 762
BSA 2016	1,00	20,00	20,00	31/12/2016	825 695	-
BSA 2023	1,00	25,00	25,00	31/12/2023	1 659 805	-
Number of BSA outstanding					**44 923 941**	**100 688 794**

5.9.2 Share-based compensation

The Group recorded an expense of €51,000 in operating profit/(loss) (with a matching entry in shareholders' equity) for the stock options and bonus share plans in effect as at 30 June 2016.

Information on stock option and bonus share plans

	PLAN N°1	PLAN N°2
Nature of the options / shares	Purchase	Bonus
Performance Conditions	Yes	No
Presence conditions	Yes	Yes
Number of options / shares that may granted initially	529 729	529 729
Number of beneficiaries	26	469
Allocation date	12/03/2015	12/03/2015
Starting point of the options	30/06/2015	12/03/2022
Number of options / shares initially allocated	**480 000**	**9 380**
Number of options / shares exercisable at 31.12.2015	**441 244**	**8 960**
Number of options / shares exercised over the period	-7 244	0
Number of options / shares cancelled over the period	-70 500	-80
Number of options / shares exercisable at 30.06.2016	**363 500**	**8 880**
Exercise price*(€)*	10,64	N/A
Expiry date	13/03/2020	N/A
Expenses related to stock options / shares at H1 2016 *(in thousands of euros)*	**(26)**	**(25)**

5.10. Employee benefits

The Group's commitments relate to one-off retirement compensation, disability and death annuities (Poland), and long-service awards (or anniversary bonuses in Poland). These defined benefit schemes are accounted for in accordance with the revised IAS 19 standard.

The two main countries impacted by employee benefits are France and Poland.

The commitments amounted to €6,270,000 as at 30 June 2016.

5.11. Provisions

(in thousands of euros)	31.12.2015	Charges	Reversal (prov. used)	Reversal (prov. not used)	Other changes	Change in consolidation	Translation differences	30.06.2016
Provisions for pensions and employee benefits (cf. Note 5.10)	**6 221**	**174**	**(35)**				**(90)**	**6 270**
Social security provisions	1 555		(224)	(8)	(8)		(2)	1 314
Tax provisions:	2 728	85	(2 728)					85
Non-current provisions	767	1 602	(54)				(20)	2 295
Non-current provisions	**5 050**	**1 687**	**(3 006)**	**(8)**	**(8)**		**(22)**	**3 694**
Social security - due in <1 year	3 639	1 630	(1 740)					3 529
Other provisions - due in <1 year	996	347	(325)	(162)			12	869
Current provisions	**4 635**	**1 977**	**(2 065)**	**(162)**			**12**	**4 398**

(in thousands of euros)	31.12.2014	Charges	Reversal (prov. used)	Reversal (prov. not used)	Other changes	Change in consolidation	Translation differences	31.12.2015
Provisions for pensions and employee benefits	**6 071**	**811**	**(324)**		**(343)**		**6**	**6 221**
Social security provisions	2 119	443	(784)	(158)	(62)		(3)	1 555
Tax provisions:	3 627		(199)	(700)				2 728
Non-current provisions	1 726		(827)		(132)			767
Non-current provisions	**7 473**	**443**	**(1 810)**	**(858)**	**(194)**		**(3)**	**5 050**
Social security - due in <1 year	3 829	1 751	(1 276)	(251)	(414)			3 639
Other provisions - due in <1 year	143	1 056		(719)	608		(93)	996
Current provisions	**3 972**	**2 807**	**(1 276)**	**(970)**	**194**		**(93)**	**4 635**

Tax provisions:

Tax provisions have primarily been recognised at the MBWS and MBWS France entities. The dispute with the Tax Authority relating to the audits on corporation tax, VAT and other levies for the period between 1 January 2006 and 31 December 2007 was settled over the period.

Social security provisions:

Current and non-current Social Security provisions amounted to €4.8M as at 30 June 2016. These provisions related mostly to employment disputes.

5.12. Financial liabilities

Group borrowings amounted to €61.1M as at 30 June 2016, i.e. an increase of €42.9 million compared with 31 December 2015.

This change is primarily explained by the signing in May 2016 of a bank loan of €62.5M, €45M of which was drawn down over a five-year period.

Breakdown of loans by type and maturity

(in thousands of euros)	30.06.2016	< 1 year	1 to 5 years
Bank loans	46 982	1 416	45 566
Accrued interest on loans	169	169	
Long-term borrowings	**47 151**	**1 585**	**45 566**
Short-term borrowings	**13 927**	**13 927**	
BORROWINGS	**61 078**	**15 512**	**45 566**

(in thousands of euros)	31.12.2015	< 1 year	1 to 5 years
Bank loans	4 621	1 794	2 827
Accrued interest on loans	17	17	
Long-term borrowings	**4 638**	**1 811**	**2 827**
Short-term borrowings	**13 514**	**13 514**	
BORROWINGS	**18 153**	**15 325**	**2 827**

Breakdown of loans by currency

(in thousands of euros)	30.06.2016	Euros	Polish Zlotys	Other currencies
Bank loans	46 982	45 813	1 169	
Accrued interest on loans	169	164	5	
Long-term borrowings	**47 151**	**45 977**	**1 174**	
Short-term lines of credit	**13 927**	**10 470**	**3 442**	**15**
BORROWINGS	**61 078**	**56 447**	**4 617**	**15**

(in thousands of euros)	31.12.2015	Euros	Polish Zlotys	Other currencies
Bank loans	4 621	3 367	1 254	
Accrued interest on loans	17	17		
Long-term borrowings	**4 638**	**3 384**	**1 254**	
Short-term lines of credit	**13 514**	**9 183**	**4 322**	**9**
BORROWINGS	**18 153**	**12 567**	**5 576**	**9**

5.13. Financial instruments and management of financial risk

5.13.1 Fair value of the financial instruments according to the IAS 39 classification

(in thousands of euros)	Financial assets and liabilities at fair value through profit	Derivatives	Assets held for sale	Loans, receivables and borrowings at cost less depreciation	Balance sheet value 30.06.2016
Assets:					
Non-current financial assets	17		21	5 334	**5 372**
Trade receivables				87 056	**87 056**
Other current assets				30 063	**30 063**
Financial instruments assets		1			**1**
Cash and cash equivalents	78 611				**78 611**
Liabilities:					
Long-term borrowings - due in more than one year				45 566	**45 566**
Long-term borrowings - due in less than one year				1 585	**1 585**
Short-term borrowings				13 927	**13 927**
Financial instruments liabilities		1 772			**1 772**
Trade and other payables				71 206	**71 206**

(in thousands of euros)	Financial assets and liabilities at fair value through profit	Derivatives	Assets held for sale	Loans, receivables and borrowings at cost less depreciation	**Balance sheet value 31.12.2015**
Assets:					
Non-current financial assets	17		16	2 093	**2 126**
Trade receivables				90 438	**90 438**
Other current assets				25 931	**25 931**
Financial instruments assets		18			**18**
Cash and cash equivalents	89 112				**89 112**
Liabilities:					
Long-term borrowings - due in more than one year				2 827	**2 827**
Long-term borrowings - due in less than one year				1 811	**1 811**
Short-term borrowings				13 514	**13 514**
Financial instruments liabilities		131			**131**
Trade and other payables				63 012	**63 012**

The net book value of current assets and liabilities is considered to correspond to an approximation of their fair value, in view of their short-term nature.

5.13.2 Management of financial risk

Liquidity risk

As presented in the highlights for the first half of 2016, Marie Brizard Wine & Spirits France, Marie Brizard Wine & Spirits and its five Polish subsidiaries officially exited their respective recovery plans on 28 June 2016, five years ahead of schedule. At 30 June 2016, only Moncigale remains in the business recovery plan.

The Group's financing arrangements are ensured by a loan, classified as senior debt, subscribed with a syndicate of French banking institutions, short-term credit facilities and factoring agreements. The Group, which had cash of €78.6 million, (including cash equivalents) reviewed its liquidity risk as at 30 June 2016, and believes that it is in a position to meet its future payment obligations.

Currency risk

The Group faces operational currency risk as part of the transactions performed by its subsidiaries in a currency other than their functional currency.

The Group's policy is to invoice its customers in the currency of the "vendor" entity.

The Group's main exposure relates to purchases of whisky in pounds sterling. This risk is covered by forward currency purchases, which are intended to hedge certain or highly likely transactions.

These cash flow hedges have been arranged in order to cover the currency risk relating to whisky purchases in GBP for 2016 and 2017.

(in thousands of euros unless otherwise stated)	Nominal	Fair value assets	Fair value liabilities	**Net value 30.06.2016**	**Net value 31.12.2015**
Forward currency purchase	18 MGBP	1	(1 750)	**(1 749)**	-113

Interest-rate risk

The Group is exposed to risks relating to changes in interest rates. The interest-rate risk management policy consists of optimising the Group's cost of financing.

(in thousands of euros)	30.06.2016	Fixed rate	Floating rate
Bank loans	46 982	505	46 477
Accrued interest on loans	169	169	
Long-term borrowings	**47 151**	**674**	**46 477**
Short-term lines of credit	**13 927**	**13 927**	
BORROWINGS	**61 078**	**14 601**	**46 477**
Breakdown of borrowings by currency	***100%***	***24%***	***76%***

Risk relating to shares and other financial investments

The Group has no financial investments likely to be exposed to the risk of price fluctuations.

Counterparty risk on financial operations

The Group may be exposed to counterparty risk, including on temporary cash investments, the value of hedging instruments and the recovery of trade receivables.

The Group selects its counterparties in a thorough and diverse manner in order to limit its exposure.

The counterparty risk relating to trade receivables is limited, due to the significant number of customers included in the portfolio and their geographical diversification.

5.14.1 Other non-current liabilities

(in thousands of euros)	30.06.2016	31.12.2015
LT portion of frozen liabilities (rehabilitation plan)		48 454
Investment subsidies	2 133	2 249
Other	17	
Other non-current liabilities	**2 150**	**50 703**

In 2015, other non-current liabilities consisted primarily of the long-term part of the debts frozen in connection with the recovery plans of certain Group companies.

Further to the early exit in May 2016 of MBWS and its Polish subsidiaries from their respective rehabilitation plans, the frozen liabilities were repaid.

5.14.2 Other current liabilities

(in thousands of euros)	30.06.2016	31.12.2015
Advances and down payments received	941	762
Tax and social security payables (incl. excise duty)	56 465	65 724
Financial instruments	1 772	131
Investment subsidies	44	44
Deferred income	1 253	906
Other payables	15 553	30 306
Other current liabilities	**76 028**	**97 872**

Note 6. Cash flow statement

6.1. Working capital requirement 1 (inventory – trade receivables – trade payables)

Working capital 1 (inventory + trade receivables - trade payables) amounted to €89.3M as at 30 June 2016 compared with €99.2M as at 31 December 2015 and €117.3M at 30 June 2015. This significant decrease was due to the continuation of the initiatives implemented by the Group in order to improve this item. The initiatives implemented primarily consisted of:

- inventory level optimisation, despite the transfer of a portion of the production to Spain;
- the continuation of the policy of assigning trade receivables;
- renegotiating payment terms with some suppliers, in particular following the exit from the business recovery plan.

Working Capital 2, which consists of the other working capital items, was negatively affected by the dividend payment and the early repayment of the recovery plan (frozen debt).

Note 7. Additional information

7.1. Pledging of assets and off-balance sheet commitments

Pledges

Country	Nature obligation	Nature of assets	Collateral value at 30.06.2016 *(in thousands of euros)*
France	Senior loan granted to Bank pool	Joint surety and Pledge on trademark	62 500
Poland	Loan granted to MBWS Polska	Operating receivables, current account deposit	12 173
	Long-term loans ING bank Slaski	Property, operating receivables and trademarks	7 314
	Credit lines	Property	2 509
Bulgaria	Credit line	Property	7 515
Lithuania	Credit line	Property, warehouse, inventories, operating receivables, current account deposit, right to use the Sobieski trademark in Vilnius	15 991
Denmark	Credit line	Inventories	331

Off-balance sheet commitments

- Liability guarantee

A €469,000 liability guarantee clause was recorded at the time when Sobieski Trade sold Galerie Alkoholi SP. Zo.o to Carrefour.

- Alcohol duty deposits

In some countries where Group subsidiaries operate (France, Poland, Lithuania, Bulgaria and Denmark), deposits must be paid to Customs as security for payment of excise duties on alcohol. These deposits are generally paid by insurance companies and banks on behalf of the subsidiaries concerned.

Following the exit by these Polish subsidiaries from their respective recovery plans on 28 June 2016, the Group obtained the release of the guarantees made to the Polish customs in order to ensure payment of the excise duties in a total amount of 600 million Zlotys, i.e. approximately €140M.

- Long-term purchase commitments

Cognac Gautier has entered into five-year commitments to purchase cognac raw materials.

MBWS France has entered into five-year commitments to purchase whisky raw materials.

Moncigale has entered into three-year commitments to purchase wine.

(in thousands of euros)	30.06.2016	< 1 year	from 1 to 3 years	> 3 years
Commitments related to issuer's operating activities				
Commitments to purchase raw materials	393 884	62 008	70 434	261 442

(in thousands of euros)	30.06.2016
Commitments related to issuer's operating activities	
Lease agreements	5 241

- Commitment to Mr Krzysztof Trylinski

Mr Krzysztof Trylinski benefits from a guarantee, which provides that the Company will compensate him for any loss suffered on a personal basis as the result of the potential consequences of the signing of a settlement agreement between MBWS and Angostura Holdings Limited on 4 February 2013. This guarantee was granted for a period of 10 years from 11 February 2013.

7.2. Litigation and contingent liabilities

Commercial litigation

Moncigale was involved in litigation with Chamarré in relation to an exclusive licensing agreement for the use, manufacturing and distribution of the Chamarré brand by Moncigale.

On 30 August 2011, as part of the recovery proceedings instituted in favour of Moncigale and the assessment of liabilities carried out at the opening date of the proceedings, Chamarré filed a notice of claim with the creditors' representative for the amount of €10.7 million, corresponding to the total amount of guaranteed fees over the ten-year period of the agreement and to an estimate of the other liabilities arising from this agreement.

On 6 December 2011, Chamarré filed an additional "claim for damages" in the amount of €20 million, following notification of the termination of the agreement.

On 18 March 2016, Marie Brizard Wine & Spirits announced that its Moncigale subsidiary had reached an agreement aimed at ending the dispute with Chamarré, represented by SCP BTSG in its capacity as the court-ordered liquidator. The entry into effect of this agreement remained subject to its approval by the relevant courts.

Under the terms of the settlement, SCP BTSG, acting in the capacity of Chamarré's liquidator, will receive an amount equivalent to the amount recorded under provisions for contingencies in Moncigale's financial statements, i.e. €675,000. In an order issued on 17 March 2016, the Paris Commercial Court authorised SCP BTSG to reach a compromise under the terms of the agreement, and to sign the settlement agreement submitted, thereby definitively ending the dispute.

The settlement agreement was approved by the Paris Commercial Court on 12 July 2016.

Dispute with the French Financial Markets Authority (AMF)

A lawsuit was launched by the AMF Sanctions Commission against the Company for breach of its public reporting duties and failure to disclose transactions in its own shares and the crossing of shareholding thresholds, as well as against Sobieski SARL and SVI for failure to disclose transactions in the Company's shares. The Company, Sobieski SARL and SVI contested these claims.

In a ruling dated 30 April 2014, the AMF Sanctions Commission upheld the claims made against MBWS, Sobieski SARL and SVI, ordered them to pay fines amounting to €150,000, €45,000 and €15,000 respectively and, in accordance with current practice, ordered the ruling to be published. A copy of the ruling may be consulted on the AMF website.

The three companies have settled the fines.
The appeal lodged against the AMF's decision was heard at a hearing on 10 March 2016. The Paris Court of Appeal's ruling rendered on 16 June 2016, upheld the decision of the first court.

Dispute relating to the Krupnik trademark

Proceedings for unfair competition were initiated by Destylarnia Sobieski, the Group's Polish subsidiary, against Toorank Polska Sp. Z.oo on the grounds of the illegal use of the Krupnik trademark by the latter.

In fact, this subsidiary has produced, sold and distributed a honey-based liqueur under the Krupnik trademark for many years, with considerable success.

Having observed that Toorank Polska was using the Krupnik trademark, it sent that company a letter of notice summoning it to cease such illegal use, which remained without effect. The subsidiary consequently decided to institute legal proceedings on the grounds of unfair competition, relying on the recognition that the Krupnik trademark has earned in the Polish market.

In response, Toorank Polska argued that the Krupnik wordmark was invalid and obtained the cancelled of the registration of the Krupnik wordmark in a decision dated 3 October 2012, due to its descriptive nature, the term Krupnik having been recognised by the Court as the common designation of a Polish honey-based liqueur.

In the light of this decision, new filings of the Krupnik trademark associated with other common terms and graphic elements were made by the Polish subsidiary in order to strengthen the protection of the said trademark.

The Polish trademark office took into account the arguments of our subsidiary and rendered a positive decision by which it grants protection to this trademark and thus recognises its validity. This decision appears particularly favourable as it strengthens our subsidiary's exclusive rights to the Krupnik trademark, and its position vis-à-vis potential counterfeiters.

The proceedings for unfair competition taken by the Polish subsidiary Destylarnia Sobieski against the illicit use of the Krupnik trademark by Toorank Polska is, however, still in progress.

Dispute in Ukraine

The Company's Ukrainian subsidiary, Belveder Ukraine LLC, was placed in court-ordered liquidation in January 2014, on the basis of a ruling handed down by the Kiev Commercial Court following proceedings instituted at the request of one of the company's creditors in July 2011.

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

Belveder Ukraine LLC's assets (including shares in the subsidiaries owned by the company in liquidation and assets belonging to its subsidiaries, which are now controlled by the liquidator appointed by the Kiev Commercial Court) were transferred to a third party outside the Company's control in November 2014.

Following several proceedings initiated by the Company, the Kiev Court upheld the Company's claims in early April 2015, and (i) overturned the sale of its assets in Ukraine, which took place in November 2014, and (ii) ordered the liquidation proceedings to be reopened.

This decision was upheld by the Ukraine High Commercial Court on 22 March 2016.

7.3 Related parties

The remuneration paid to the administrative and management bodies for their roles within the Group amounted to €520,000 for the first half of 2016.

Other related parties consist mainly of non-consolidated subsidiaries of the Group. No material transactions were performed with these parties.

7.4 Post mid-year period events

Yelkenci dispute

On 25 July 2016, Mr Yelkenci, director of the Turkish subsidiary Belvedere Icecek until February 2010, petitioned the Company for repayment of amounts that he claimed he had paid on behalf of the subsidiary, liquidated in 2011.

An initial directions hearing took place on 6 September 2016.

Upper threshold crossed by COFEPP

In a letter received on 4 August 2016, Compagnie Financière Européenne de Prise de Participation (COFEPP), a Limited Company (85 rue de l'Hérault, 94220 Charenton-le-Pont) declared that it had crossed the upper 15% threshold in the Company's share capital and voting rights on 03 August 2016, and that it held 4,544,057 MBWS shares representing as many voting rights, i.e. 16.05% of the share capital and 15.90% of the voting rights in the Company.

Release of the guarantees given to the Polish Customs

Following the exit by the Polish subsidiaries from their respective recovery plans on 28 June 2016, the Group obtained the release of the guarantees made to the Polish customs in order to ensure payment of the excise duties in a total amount of 600 million Zlotys, i.e. approximately €140M.

Acquisition of minority interests

In September 2016, MBWS bought back the minority interests of the Lithuanian entities. The listed company Vilnius Degtine is now 92.2% owned by the Group. The two private companies Prekyba Alkoholiniais Gėrimai Uab and Prekių Ženklų Valdymas Uab, on the other hand, are wholly-owned.

Allotment of bonus shares and performance-related bonus shares

The Board of Directors in its meeting of 1 July 2016 decided, as authorised by the General Meeting on 21 June 2016, to allot bonus shares and performance-related bonus shares to certain employees and managers of MBWS and its subsidiaries.

STATUTORY AUDITORS' REPORT ON THE 2016 HALF-YEAR FINANCIAL STATEMENT

Statutory Auditors' report on the 2016 half-year financial statement

To the Shareholders,

Pursuant to the assignment entrusted to us by votes at your Annual General Meetings and in application of Article L.451-1-2 III of the Monetary and Financial Code we carried out:

- the limited review of the condensed consolidated half-year financial statements of Marie Brizard Wine and Spirits S.A. relating to the period from 1st January 2016 to 30 June 2016, as attached to this report;
- the verification of the information given in the half-year activity report.

These condensed consolidated half-yearly financial statements were drawn up under the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our limited review.

I - Conclusion on the financial statements

We conducted our limited review in accordance with the professional standards applicable in France. A limited review of consists in making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures. These reviews are substantially more limited in scope than an audit conducted in accordance with professional standards applicable in France. Accordingly, the assurance obtained from a limited review that the financial statements, taken as a whole, are free from material misstatement is a limited assurance, less than that obtained from an audit.

Based on our limited review, we have not identified any material misstatements that would render the condensed consolidated half-year financial statements non-compliant with IAS 34 - IFRS reference standard, as adopted by the European Union relating to Interim Financial Statements.

II – Specific Verifications

We have also verified the information provided in the half-year activity report commenting on the condensed consolidated half-year financial statements, on which we conducted a limited review. We have no further comments to make with regard to their accuracy and consistency with the first half 2014 condensed consolidated financial statements

Completein Paris La Défense, on 21 September 2016

The Auditors

KPMG

Éric ROPERT
Associate

Stéphane DEVIN
Associate

MAZARS

Dominique MULLER
Associate

Romain MAUDRY
Associate

STATEMENT BY THE PERSON RESPONSIBLE FOR THE FINANCIAL REPORT

Statement by the person responsible for the first half 2016 financial report

I hereby certify that, to the best of my knowledge, the condensed financial statements for the previous six months have been prepared in accordance with applicable accounting standards and give a true and fair view of the financial position and earnings of the company and all companies included in the consolidation, and that the half-year management report presented at the beginning of the report gives a fair view of the events that occurred during the first half of the year, the impact thereof on the financial statements and the main related party transactions and includes a description of the main risks and uncertainties applicable to the remaining six months of the year.

21 September 2016

Jean-Noël REYNAUD

Chief Executive Officer