



INTERIM FINANCIAL REPORT

30 JUNE 2017

ITALIAN WINE BRANDS S.P.A.

registered office in Milan, Via Brera 16

joint-stock company with subscribed and paid-in share capital of 707,083.40 Euros

Taxpayer ID and Company Register No. 08851780968

Registered in the Company Register of MILAN

Economic-Administrative Register No. 2053323

www.italianwinebrands.it



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Composition of Corporate Bodies

Board of Directors

Mario Resca (Chairman)

Simone Strocchi (Vice Chairman)

Alessandro Mutinelli (Managing Director)

Pier Paolo Quaranta

Angela Oggionni

Massimiliano Mutinelli

Luca Fabio Giacometti

Giovanni Campolo

Gino Lugli (Independent Board Member)

Board of Statutory Auditors

David Reali (Chairman of Board of Statutory Auditors)

Eugenio Romita (Acting Auditor)

Debora Mazzaccherini (Acting Auditor)

Independent Auditor

BDO Italia S.p.A.

Nomad

UBI Banca S.c.p.a.



Directors' Report on Operations

1. Analysis of Company's situation, performance and results of operations

1/1/ Markets in which the enterprise operates

The IWB Group is one of the leaders in Italy in the production and distribution of domestic wines, that is distinguished by the breadth of the markets in which it operates, the considerable number of brands in its portfolio, and the variety of its distribution channels.

In terms of reference markets, IWB realizes its turnover principally and increasingly with foreign customers (73.8%), with only a residual portion being with domestic customers (26.2%).

Sales are made exclusively through a portfolio of proprietary, registered trademarks. In particular, the group operates with the following brands:



As regards the distribution channels, the IWB group is distinguished by the unique characteristics of having a “wholesale” business division within it, aimed at the sale of products to operators in the sector, such as Large Scale Retail chains, state monopolies and traditional trade, and a “distance selling” business division, aimed at direct sales of products to private consumers through the web, direct mailing and teleselling.

The two business divisions cited above are synergetic and do not overlap, and they can both use the two wineries owned by the group for production, located in Diano d’Alba (CN) and Torricella (BR), respectively, as well as the bottling lines the group owns located in Diano d’Alba (CN).



Exploiting its presence on the international markets and the different sales channels, in 2016 the IWB group exceeded 45 million bottles sold.

From a corporate standpoint, IWB S.p.A. performs management activities for the Group companies, in addition to the activity of direction and coordination, holding direct equity stakes in the Group's principal companies: Giordano Vini S.p.A. and Provinco Italia S.p.A.

1.2.1 Consolidated situation

The consolidated Interim Financial Report as of 30 June 2017 for the Group, whose perimeter includes in addition to the group leader the subsidiaries Giordano and Provinco, shows (in millions of Euros):

- € 68.99M NET REVENUES FROM SALES (€64.59M as of 30/06/2016)
- € 6.30M *RESTATED EBITDA* (€ 4.01M as of 30/06/2016)
- € 6.30M EBITDA (€ 3.15M as of 30/06/2016)
- € 2.84M *RESTATED NET PROFIT before non-recurring charges* (€1.26M as of 30/06/2016)
- € 2.84M NET PROFIT FOR PERIOD (€0.46M as of 30/06/2016)
- € (13,55)M NET FINANCIAL POSITION (€ (23.25)M as of 30/06/2016)

The EBITDA, with respect to the "Net Profit" shown in the consolidated Comprehensive Income Statement, is made up as follows:

Net Income reduced by the items "Taxes", "Net financial income and charges", "Write-ups/(Write-downs)" including the write-down of inventories and of trade receivables, "Allocations for risks" and the item "Depreciation".

We recall that the IWB Group's business is heavily seasonal, with performance in the last quarter of the year having a strong incidence on the final result.

We present below the re-classified consolidated asset and income data.



Re-classified Balance Sheet

(thousands of Euros)	30/06/2017	31/12/2016	30/06/2016
Other intangible fixed assets	30,035	29,895	29,942
Goodwill	55,008	55,008	55,008
Tangible fixed assets	14,777	15,526	16,076
Financial fixed assets	2	2	2
Total fixed assets	99,822	100,432	101,028
Working capital	3,237	(1,784)	7,833
Inventory	18,621	17,712	18,591
Net trade receivables	18,031	23,981	17,275
Trade payables	(33,665)	(43,889)	(29,905)
Other assets (liabilities)	249	412	1,873
Payables to employees for benefits	(999)	(1,007)	(1,098)
Net deferred and prepaid tax assets (liabilities)	(8,970)	(9,016)	(9,869)
Other Provisions	(1,982)	(1,996)	(1,976)
NET INVESTED CAPITAL	91,109	86,630	95,606
Shareholders' Equity	77,556	76,162	72,353
Profit (Loss) for period	2,837	4,340	457
Share Capital	707	707	707
Other Reserves	74,012	71,115	71,189
Net Financial Debt	13,553	10,467	23,252
TOT SOURCES	91,109	86,630	95,606



Re-classified Income Statement

(thousands of Euros)

	30/06/2017	Restated 30/06/2016
Revenues from sales	68,989	64,586
Changes in inventories	1,045	1,837
Other Income	492	532
Total Revenues	70,526	66,955
Costs for purchases	(36,997)	(35,597)
Costs for services	(22,542)	(20,016)
Personnel costs	(4,524)	(7,173)
Other operating costs	(163)	(163)
Total operating costs	(64,225)	(62,949)
EBITDA	6,301	4,006
Write-downs	(663)	(646)
Depreciations	(885)	(1,024)
Operating earnings from core operations	4,753	2,336
Non-recurring charges	0	(1,062)
Net Releases (Allocations) provisions for risks	(54)	(72)
Operating Profit	4,699	1,202
Net Financial Income (Charges)	(758)	(900)
Result before taxes	3,941	302
Taxes	(1,105)	155
Net Profit (Consolidated Financial Statements)	2,837	457
Tax effect of non-recurring charges	-	333
Net profit before non-recurring charges and respective tax effect	2,837	1,258

The reconciliation of the result as of 30 June 2016 with the financial statement data is presented here:



Re-classified Income Statement

(thousands of Euros)

	Reported 30/6/2016	Management adjustments						Restated 30/6/2016
		1	2	3	4	5	6	
Revenues from sales	64,586							64,586
Changes in inventories	1,837							1,837
Other Income	532							532
Total Revenues	66,955	-	-	-	-	-	-	66,955
Costs for purchases	(35,928)		331					(35,597)
Costs for services	(20,472)	121		174		161		(20,016)
Personnel costs	(7,242)				69			(7,173)
Other operating costs	(163)							(163)
Total operating costs	(63,805)	121	331	174	69	161	-	(62,949)
EBITDA	3,150	121	331	174	69	161	-	4,006
Write-downs	(852)						206	(646)
Depreciations	(1,024)							(1,024)
Operating earnings from core activities	1,274	121	331	174	69	161	206	2,336
Non-recurring charges	-	(121)	(331)	(174)	(69)	(161)	(206)	(1,062)
Net Releases (Allocations) provisions for risks	(72)							(72)
Operating Profit	1,202	-	-	-	-	-	-	1,202
Net Financial Income (Charges)	(900)							(900)
Result before Taxes	302	-	-	-	-	-	-	302
Taxes	155							155
Net Profit	457	-	-	-	-	-	-	457
Tax effect of non-core operations								333
Net profit from core operations and respective tax effect								1,258



Nature of the adjustments as of 30/06/2016:

- (1) consulting and legal expenses sustained in relation to the sale of business units (for which we refer to the specific paragraph “significant events after the closing of the half-year”: include legal expenses of 118,000 Euros and costs for Notary consulting of 3,000 Euros, sustained by Giordano Vini S.p.A..
- (2) extraordinary disposal of gadgets: the amount refers to an Advertising Barter operation carried out by Giordano Vini S.p.A..
- (3) “one-time” television advertisement done by Giordano Vini S.p.A. in the context of a recessive national market; that action was carried out through the use of a mix of generalist networks and DTT, both free and pay, with a high frequency thanks to the use of short formats.
- (4) restructuring costs relating to Giordano Vini S.p.A for adaptation of the organizational structure with a consequent departure of personnel.
- (5) non-recurring costs principally traceable to the Sales Area of Giordano Vini S.p.A such as extraordinary costs for acquiring new direct clients and other activities linked to the web channel.
- (6) extraordinary write-down of Giordano Vini inventories.

1.2.2 Group Leader’s financial performance and position

As of 30 June 2017 IWB S.p.A. has:

- € 4.52M NET PROFIT FOR PERIOD
- € 12.25M POSITIVE NET FINANCIAL POSITION

Below we present the summary tables of the group leader’s asset and financial position and the Income Statement for the half-year closed on 30 June 2017. We note that this statement was drawn up based on international accounting standards even though the company prepares the financial statements in accordance with national accounting standards, only for the purpose of consolidation, and is not subject to independent presentation, nor approval by the directors.



Re-classified Balance Sheet

(thousands of Euros)

	30/06/2017	31/12/2016
Equity holdings	54,256	54,256
Financial receivables	-	-
Intangible fixed assets	14	14
Total Fixed Assets	54,270	54,270
Working Capital	8,099	5,103
Receivables	8,682	4,823
Trade payables	(172)	(103)
Other assets (liabilities)	(411)	383
NET INVESTED CAPITAL	62,369	59,372
Shareholders' Equity	74,614	71,549
Profit (Loss) for period	4,516	3,090
Share Capital	707	707
Other Reserves	69,391	67,751
Net financial debt	(12,245)	(12,176)
TOT SOURCES	62,369	59,372

In relation to the financial situation presented above, we note that:

- The equity holdings in subsidiaries consist of 32,823,000 Euros in Giordano Vini S.p.A. and 21,433,000 in Provinco Italia S.p.A.
- Other reserves include a negative reserve of 498,000 Euros generated by directly charging the costs sustained by the group leader in relation to the cited share capital operations to the Shareholders' Equity, pursuant to standard IAS 32, net of the related deferred taxes.



Re-classified Income Statement

(thousands of Euros)

	30/06/2017	31/12/2016
Other income	48	47
Total Revenues	48	47
Costs for services	(323)	(292)
Other operating costs	(55)	(15)
Total operating costs	(378)	(307)
EBITDA	(330)	(260)
Operating profit	(330)	(260)
Net Financial Income (Expenses)	61	49
Dividends from subsidiaries	4,716	3,252
Result before Taxes	4,447	3,041
Taxes	70	302
Net Profit	4,516	3,343

In relation to the situation presented above, we note that:

- dividends refer entirely to the subsidiary Provinco Italia S.p.A..

1.2.3 Net financial position

For the purpose of defining the consolidated net financial position, Consob communication No. DEM/6064293 of 28 July 2006 was used, which refers to what is indicated on the subject in the Recommendation of the CESR 05-054/b of 10 February 2005 "Recommendations for uniform implementation of the European Commission regulation on informational tables":



	30/06/17	30/06/16	31/12/16
A. Cash	34	38	32
B. Other liquid assets	25,372	19,586	27,591
C. Securities held for trading	-	-	-
D. Liquidity (A) + (B) + (C)	25,407	19,624	27,622
E. Current financial receivables	-	-	-
E.2 Financial derivatives	-	6	-
F. Current bank debt	4,500	6,226	1,875
G. Current part of non-current debt	4,584	3,754	4,091
H. Other current financial payables	-	66	2
I. Current financial debt (F) + (G) + (H)	9,084	10,052	5,968
J. Net current financial debt (I) - (E) - (D)	(16,323)	(9,572)	(21,654)
K. Non-current financial assets	-	-	-
L. Non-current financial receivables	-	-	-
M. Non-current bank debt	29,876	32,823	32,122
N. Bonds issued	-	-	-
O. Other non-current debts	-	-	-
P. Non-current financial debt (M) + (N) + (O)	29,876	32,823	32,122
Q. Net non-current financial debt (P) - (K) - (L)	29,876	32,823	32,122
Net financial position (J) + (Q)	13,553	23,251	10,468

1.3 Group performance

Business volume - Revenues

During the course of the first half of 2017, the group's business volume increased significantly, allowing for an overall growth of 6.8% of revenues from sales, while in a substantially stable market context, in terms of both volumes and quantities.

The contribution to the growth was provided in particular by international markets, where the group realized 73.8% of its overall revenues. The table shown below highlights the breakdown of the group's revenues by geographic area.

*Values in thousands of
Euros*



	30/06/2017	30/06/2016	% change
Italy Revenues	17,952	18,112	-0.89%
Foreign Revenues	50,638	45,674	10.87%
Germany	14,356	14,090	1.89%
Switzerland	11,344	10,617	6.85%
Austria	6,165	5,663	8.87%
England	4,688	4,274	9.71%
France	2,755	2,456	12.17%
Denmark	2,675	2,001	33.69%
United States	2,012	1,944	3.49%
Belgium	658	488	34.70%
Sweden	456	299	52.37%
China	450	266	68.86%
Holland	189	169	11.41%
Other countries	4,890	3,406	43.56%
Other revenues	399	800	-50.13%
Total	68,989	64,586	6.81%

The Group is made up of two business divisions identified based on the distribution channel used. The “wholesale” division is aimed in particular at the sale of products to operators in the sector, such as Large Scale Retail chains, state monopolies and traditional trade; the “distance selling” business division is aimed at direct sales of products to private consumers through the web, direct mailing and teleselling.

Below the breakdown of revenues by business area is shown.

<i>Values in thousands of Euros</i>			
	30/06/2017	30/06/2016	%
"Distance selling" revenues	38,186	38,470	-0.74%
"Wholesale" revenues	30,404	25,316	20.10%
Other revenues	399	800	-50.13%
Total	68,989	64,586	6.81%



In the first half of 2017 the distance selling division represented 55.3% of the Group's revenues, and realized its turnover in the following countries:

<i>Values in thousands of Euros</i>	30/06/2017	30/06/2016	%
"Distance selling" Italy Revenues	17,952	18,112	-0.89%
"Distance selling" Foreign Revenues	20,234	20,358	-0.61%
Germany	11,575	11,557	0.16%
France	2,755	2,456	12.17%
Switzerland	2,100	1,992	5.41%
England	2,049	2,824	-27.46%
Austria	1,252	976	28.35%
Belgium	277	230	20.49%
Holland	189	169	11.41%
Other	38	154	-75.54%
Total	38,186	38,470	-0.74%

The priority goals reached during the first half of 2017 in the context of the distance selling division were in particular:

- i) the stabilization of sales on the Italian market, that remained essentially stable with respect to the same period of the previous accounting period;
- ii) the reduction of volumes in the business segments and markets operating at a loss, with a consequent reduction of the activity of acquiring new customers in the United Kingdom, Sweden and the United States;
- iii) the strengthening of investments for growth on the most profitable international markets such as Germany, Switzerland, France, Austria and Belgium;
- iv) the implementation of cost reduction policies for personnel and service costs - in particular shipping and logistics costs, and general and administrative costs.



In the first half of 2017 the wholesale division represented 44.1% of the Group's revenues and realized its turnover in the following countries:

<i>Values in thousands of Euros</i>	30/06/2017	30/06/2016	%
“Wholesale” Italy Revenues	0	0	0.00%
“Wholesale” Foreign Revenues	30,404	25,316	20.10%
Switzerland	9,245	8,625	7.19%
Austria	4,913	4,687	4.82%
Germany	2,781	2,233	24.52%
Denmark	2,675	2,001	33.69%
England	2,640	1,449	82.14%
United States	1,995	1,808	10.37%
Sweden	436	299	45.56%
China	450	266	68.86%
Belgium	381	258	47.34%
Other markets	4,890	3,690	32.54%
Total	30,404	25,316	20.10%

The results of sustained growth in this division were obtained thanks to an expansion of the product portfolio and the acquisition of new accounts. As regards markets, we note the brilliant performance obtained in Switzerland, with particular reference to the acquisition of new clients, and from historical clients, thanks also to important sales synergies among the operating companies in the group.

The Scandinavian market, Sweden and Denmark in particular, are the other geographic area seeing growth. In Sweden new references were launched successfully and new contracts were closed for the second half-year. Finland is in the launch phase. Denmark was confirmed as the group's main Scandinavian market, with the best business clients already in the portfolio. The Asian area, covered with a still limited sales structure, is still marginal, but gradually and constantly increasing.

For North America, a review of the organizational structure is underway, conceived strategically to face this market in the most effective way possible.

The group does not operate in Italy through the wholesale division. The situation could change soon with the opening in our country of an important German large scale retail chain, that is already one of the group's leading clients in this area of activity.



During 2017 the Group also received numerous awards in international competitions for the quality of its products. In particular, the companies won over 50 gold medals in just the first part of 2017.

Analysis of operating margins

Below we present the details of the cost components that, deducted from the item Total Revenues, contributed to forming the Italian Wine Brands group's EBITDA.

<i>Values in thousands of Euros</i>	30/06/2017	30/06/2016 (*)	% change
Total Revenues	70,526	66,955	5.33%
Costs for purchases	(36,997)	(35,597)	3.93%
<i>% of turnover</i>	-52.46%	-53.17%	
Costs for services	(22,542)	(20,016)	12.62%
<i>% of turnover</i>	-31.96%	-29.89%	
Personnel	(4,524)	(7,173)	-36.93%
<i>% of turnover</i>	-6.41%	-10.71%	
Other operating costs	(163)	(163)	0.00%
<i>% of turnover</i>	-0.23%	-0.24%	
EBITDA	6,300	4,006	57.26%
<i>% of turnover</i>	8.93%	5.98%	

(*) Restated EBITDA, to take into account the effect of non-recurring charges

The table shown above indicates first of all that, during the first half of 2017, the incidence of Costs for Purchases on turnover was reduced by almost a percentage point compared to the same period of the previous year (from 53.17% to 52.46%). That result was obtained principally through three actions carried out by the management:

- i) the constant sales growth of the group's proprietary trademarks that have continued to show increasing customer satisfaction; this is a fundamentally important element for maintaining volumes and margins in future accounting periods. The sales of proprietary brands exceeded 85% of overall sales in the first half of 2017;



- ii) the implementation of a sales policy in the distance selling division aimed at reducing the volumes of activities in non-profitable countries such as England, the United States and Sweden;
- iii) the completion of integration of production among the group's operational companies through the centralization of research and development activities and wine-making purchases, and the shifting of the higher value added productions to proprietary wineries.

The Costs for Services increased in the period under examination both in absolute terms (+ 2.5 million Euros) going from 20.0 million Euros as of 30 June 2016 to 22.5 million Euros, and in terms of turnover (from 29.89% to 31.96%). That increase is linked to the greater contribution of outsourced activities with particular reference to logistics, whose outsourcing took place starting on 1 July 2017. The management was also particularly active in reducing numerous categories of costs for services, such as Services from third parties, Consulting, and Advertising costs.

We provide below the details of costs for services sustained by the group during the first half of 2017, compared with the same categories for 2016.

<i>Values in thousands of Euros</i>	30/06/2017	30/06/2016
Third-party services	6,760	7,955
Shipping of sales	5,871	5,147
Postage expenses	2,816	2,269
Rents and fees	966	916
Consulting	288	861
Advertising costs	264	688
Utilities	351	265
Directors and auditors fees	337	423
Maintenance	146	120
Outsourcing costs	3,117	493
Costs of sales calls	0	145
Commissions	341	449
Other costs for services	1,285	741
Non-recurring charges	0	(456)
Total	22,542	20,016

The increase of costs for services indicated above is to be considered together with the significant reduction of Personnel Costs in both absolute terms (- 2.7 million Euros) and as a percentage of Total Revenues, going from 10.8% to 6.4%.



The revenue and cost dynamics described above allowed for realizing an EBITDA of 6.3 million Euros in the first half of 2017 (8.93% of Total Revenues), compared to 4.0 million Euros in the first half of 2016 (5.98% of Total Revenues).

Below we provide the details of the cost items that from EBITDA lead to the formation of the Operating Profit of the Italian Wine Brands Group.

<i>Values in thousands of Euros</i>			
	30/06/2017	30/06/2016 (*)	% change
EBITDA	6,300	4,006	57.26%
Write-downs	(663)	(646)	2.63%
<i>% of turnover</i>	<i>-0.94%</i>	<i>-0.96%</i>	
Depreciation	(885)	(1,024)	-13.57%
<i>% of turnover</i>	<i>-1.25%</i>	<i>-1.53%</i>	
Non-recurring charges	0	(1,062)	-100.00%
<i>% of turnover</i>	<i>0.00%</i>	<i>-1.59%</i>	
Releases (allocations) from risk provisions	(54)	(72)	-25.00%
<i>% of turnover</i>	<i>-0.08%</i>	<i>-0.11%</i>	
Operating Profit	4,698	1,202	290.85%
<i>% of turnover</i>	<i>6.66%</i>	<i>1.80%</i>	

(*) Restated EBITDA, to take into account the effect of non-recurring charges

From the table shown above it emerges that the Income Statement of Italian Wine Brands is characterized in the first half of 2017 by a limited incidence of non-monetary items (write-downs, depreciation, etc.), that had an overall incidence on turnover of approximately 2.4%. The Operating Profit for the period benefitted considerably in terms of both absolute values and turnover margin.

Investments in fixed capital, Net Working Capital and financial situation.

During the course of the half-year under examination, there were no particular investments in Fixed Capital. The property complex owned in Diano d'Alba and the two wineries owned in



Diano d'Alba and Torricella, as well as the bottling lines in Diano d'Alba, represent a jewel in the Italian wine-making industry and are easily able to sustain the production levels scheduled for the near future, with the adequate maintenance investments.

Working Capital decreased from 7.83 Euros as of 30 June 2016 to 3.24 Euros as of 30 June 2017 principally due to an increase in the item of Payables to Suppliers, that went from 29.91 million Euros as of 30 June 2016 to 33.67 million Euros as of 30 June 2017. That increase is to be attributed for the most part to the effect of outsourcing operations concluded during 2016, through which a portion of the costs of employee personnel, paid monthly, was transformed into costs for services, paid with due dates of between 90 and 120 days.

The dynamics of i) limited investment volumes in fixed capital, ii) reduction of working capital, and iii) consistent cash flows produced by operations, have allowed for a considerable reduction of Net Financial Debt, that went from 23.25 million Euros as of 30 June 2016 to 13.55 million Euros as of 30 June 2017. That reduction had a positive effect on Net Financial Expenses recorded in the Income Statement in the first half of 2017, that decreased to 0.758 million Euros with respect to 0.900 million Euros in the first half of 2016.

2. Significant events in the first half of 2017

Partial redemption

As already announced to the public with the press releases of 22 March (approval of the draft financial statements for 2016 by the BoD) and 12 April (approval of the 2016 financial statements by the IWB shareholders), the Board of Directors verified the fulfillment of the conditions for the redemption of part of the redeemable shares assigned to the former Giordano Vini shareholders, activating the mechanism of financial compensation (2016 tranche) in favor of the company, and ultimately, of the ordinary shareholders.

We recall that at the time of the realization of the significant operation, that led to the creation and listing of Italian Wine Brands, the former Giordano Vini shareholders subscribed 1,370,000 unlisted redeemable shares, whose transformation into an equal number of ordinary shares is linked to the fulfillment of consolidated core net profit goals, on penalty of proportional cashless redemption and cancellation as financial compensation in favor of the company and the ordinary shareholders (685,000 redeemable shares to be verified in 2015 and an identical amount for 2016).

In particular, pursuant to the IWB By-laws, the Board of Directors determined:

- i) the consolidated core net profit for the 2016 accounting period, equal to 4.69 M Euros;
- ii) the difference between that figure and the 2016 consolidated core net profit goal (equal to 6,612,500 Euros), equal to approximately 2.00 M Euros;



iii) the consequent emergence of a proportionate obligation for financial compensation for the shareholder OGV S.r.l. (company which brings together the former Giordano Vini shareholders).

Therefore, in application of the formula provided for by the By-laws, the number of redeemable shares in relation to the cited compensation was calculated to be 685,000. On 21 April 2017 the company proceeded to redeem them, without any change to the overall amount of the IWB share capital.

The 685,000 redeemed shares are currently in the company's portfolio as IWB own shares, awaiting the imminent cancellation to be resolved during the Extraordinary Shareholders' Meeting.

To date the IWB share capital is equal to 707,083.40 Euros, divided into a total of 6,359,374 shares, of which 5,674,374 Ordinary Shares and 685,000 Redeemable Own Shares, all without indication of nominal value.

3. Significant actions after the closing of the half-year

Reduction of costs

The directors continued with the process of company reorganization undertaken starting at the beginning of 2015.

The principal goal pursued with that reorganization is to bring the Group, with particular reference to the distance selling division, back to a higher level of operating margins, and to achieve a realignment of the staff with respect to the actual work activities, thus allowing an increase of the competitiveness of that distribution channel.

To that end, the basis was laid for an agreement aimed at an additional reduction of the work force, whose effects, also in terms of savings in personnel costs, will be seen during the course of the second half of the accounting period.

Refinancing of Group's medium/long-term debt

On 19 July 2017, through the subsidiary Giordano Vini S.p.A., the Group obtained from Banca Popolare di Milano – Gruppo Banco BPM - a medium/long-term structured loan for a total of gross 35 million Euros, completely substituting the previous financing lines.



The loan is divided into an amortizing facility of 28 million Euros and a revolving facility of 7 million Euros, both expiring in June 2024. This favors the financial flexibility needed to sustain the group's plans for expansion.

The new lines guarantee an additional reduction of the annual financial expenses and the maintenance of a high level of cash assets that will be allocated to financing the group's growth.

4. Business outlook

In the second half of 2017, the following activities will continue:

- 1) the sales actions aimed at increasing the group's revenues;
- 2) the activities for studying new products and developing new markets in the wholesale division;
- 3) the renewal of communications for relaunching and strengthening the positioning of the Giordano brand;
- 4) the emphases on reduction of fixed costs, through targeted actions;
- 5) the activity of scouting and negotiation of additional corporate acquisitions to be consolidated.

5. Organization Model

The group has adopted an Organization, Management and Control Model (the "231 Model") as provided for by Legislative Decree No. 231 of 8 June 2001.

That decree introduced the liability of companies for some crimes committed in their interest or to their benefit by persons who operate in their name or on their behalf, such as directors, managers, employees and persons in a consulting relationship when they act under the control or direction of employees of the same companies.

6. Relationships with related enterprises

Any transactions carried out are part of normal business operations, in the context of the typical activities of each party involved, and are governed at standard conditions. We recall that the group leader IWB has adopted and follows the Related Parties Procedure in accordance with the general provisions of the AIM Italia Issuers Regulation.



7. Information relating to the environment, safety and personnel

HEALTH AND SAFETY

The operating companies of the Italian Wine Brands group refer to the Risk Assessment Document required by law concerning workplace safety. The document includes first of all an analysis of the risks present at the company for both the work activities and for the methods of establishment; it then identifies the measures undertaken to minimize the risks, those still to be taken, and those to preserve an adequate level of safety. Finally, it identifies the timeframe necessary to implement the remaining measures.

The method of carrying out work activities is always under control, and the related reporting documents are subject to periodic updates.

The Risk Assessment Documents, as well as the Emergency Plans and the Floor Plans with safety markings and escape routes, are updated periodically.

A constant and detailed activity of health surveillance has been conducted regarding all of the employees, associates and leased workers.

During the course of the half-year the activity for enhancement of sensitivity regarding environmental and safety themes continued, with ad hoc training actions, as well as regarding injury prevention measures to be adopted and first aid actions, providing specific training for workers assigned to fire prevention and first aid, in full respect for the relevant safety regulations.

OHSAS 18001:2007 CERTIFICATION

(Occupational Health and Safety Assessment Series)

Since 2012 the operating companies of the Italian Wine Brands group have adopted an Occupational Health and Safety Management System consistent with the international standard OHSAS 18001:2007 (Occupational Health and Safety Assessment Series).

The OHSAS 18001:2007 certification is not a legal obligation but a voluntary choice by those who feel responsibility for their own safety and that of others, and thus implement these standards through the adoption of Worker Health and Safety Management System.

The primary goal of a safety management system is to prevent and minimize injuries and accidents, integrating safe working practices in all the areas of an organization.

With this certification, the accredited outside entity SGS ITALIA S.p.A. acknowledged that the operating companies in the group have implemented a management system in line with the



highest safety standards and have also pursued their own goals in a constant manner, making important improvements to the safety conditions in the workplace.

In the context of its own management system, the group confirmed its own commitment through the “Quality and Safety Policy” as an instrument with which the entire Company has the mission of offering enogastronomic products in the best Italian tradition to an increasing number of customers in the world, with the convenience of the Group’s exclusive service, considering the safeguarding of the health and safety of the workers as an integral part of its activities.



QUALITY MANAGEMENT AND FOOD SAFETY

After having obtained the ISO 9001 Certification about ten years ago, in March 2015 the operating companies in the group obtained the IFS Food Certification (for the German market) and the BRC Food Certification (for the United Kingdom) in order to constantly guarantee its customers who use Large Scale Retail outlets a high level of production and safety of the products supplied, but also improving the existing processes obtaining better general safety, an improvement of relations with customers and a high level of competitiveness on the market.



GROUP’S PERSONNEL

We show below the current number and average number of employees by category as of 30 June 2017 relating to the group companies:

Current No. 30/06/2017	Average No. 30/06/2017
---------------------------	---------------------------



Executives	5	5
Mid-level management	10	9
Office workers	165	173
Laborers	25	24
Total	205	211

8. Own Shares

As of 30/06/2017 the company holds 44,850 ordinary shares, representing 0.79% of the ordinary share capital in circulation, and 685,000 redeemable own shares (destined exclusively to cancellation), following the redemption by the shareholder OGV S.r.l. in execution of the mechanism of financial compensation in favor of IWB, and ultimately, of its shareholders.

The 685,000 redeemable own shares are awaiting cancellation, to be resolved at the time of an upcoming Extraordinary Shareholders' Meeting.



Consolidated Balance Sheet

		30/06/2017	31/12/2016
Non-current Assets			
Intangible fixed assets	5	30,035,441	29,895,438
Goodwill	6	55,008,001	55,008,001
Lands, buildings, plant and machinery	7	14,776,539	15,526,399
Equity holdings	8	2,198	2,198
Other non-current assets	9	1,007,353	1,014,415
Deferred tax assets	10	1,409,582	1,428,731
Total Non-current Assets		102,239,114	102,875,183
Current Assets			
Inventories	11	18,621,423	17,712,483
Trade receivables	12	18,031,230	23,980,670
Other current assets	13	1,999,675	1,712,499
Current tax assets	14	1,403,386	2,092,078
Cash and cash equivalents	15	25,406,669	27,622,102
Total Current Assets		65,462,383	73,119,832
Non-current assets held for sale		-	-
Total Assets		167,701,497	175,995,015
Shareholders' Equity			
Share capital		707,083	707,083
Reserves		67,370,432	67,564,205
Valuation reserve		(23,839)	(31,798)
Profit (losses) carried forward		6,665,783	3,582,639
Net result for period		2,836,861	4,340,271
Total Shareholders' Equity attributable to Group Leader's shareholders		77,556,320	76,162,400
Shareholders' equity attributable to minority interests		-	-
Total Shareholders' Equity	16	77,556,320	76,162,400
Non-current liabilities			
Financial payables	17	29,791,162	32,121,727
Provision for other benefits to employees	18	999,025	1,006,561
Provision for future liabilities and charges	19	1,923,064	1,936,107
Deferred tax liabilities	10	10,379,160	10,444,378
	21		
Other non-current liabilities		-	108,464
Total Non-current Liabilities		43,092,411	45,617,237
Current liabilities			
Financial payables	17	9,168,404	5,967,787
Trade payables	20	33,664,892	43,889,205
Other current liabilities	21	2,546,865	2,393,668
Current tax liabilities	22	1,614,100	1,904,855
Provision for future liabilities and charges	19	58,505	59,863
Total Current Liabilities		47,052,766	54,215,379
Liabilities directly related to assets held for sale		-	-
Total Shareholders' Equity and Liabilities		167,701,497	175,995,015



Comprehensive Consolidated Income Statement

	Note	30/06/2017	30/06/2016
Revenues from sales	23	68,988,693	64,586,004
Changes in inventories	11	1,044,963	1,837,079
Other Income	23	492,287	531,581
Total Revenues		70,525,943	66,954,664
Costs for purchases	24	36,996,561	35,927,622
Costs for services	25	22,541,892	20,472,040
Personnel costs	26	4,523,771	7,242,470
Other operating costs	27	162,778	162,640
Operating Costs		64,225,003	63,804,772
EBITDA		6,300,940	3,149,892
Depreciations	5,7	(884,672)	(1,023,869)
Allocations for risks	19	(53,848)	(72,427)
Write-ups / (Write-downs)	28	(663,317)	(851,929)
Operating Profit		4,699,103	1,201,667
Financial income		79,705	35,162
Financial charges		(837,322)	(934,960)
Net Financial Income (Charges)	29	(757,617)	(899,798)
Result before Taxes		3,941,486	301,869
Taxes	30	(1,104,625)	155,466
Net Profit (A)		2,836,861	457,335
Attributable to:			
(Profit)/ Loss attributable to minority interests		-	-
Result attributable to Group		2,836,861	457,335
Other Profits/(Losses) of comprehensive financial result:			
Other components of comprehensive income statement for period that will subsequently be released to income statement		-	-
Other components of comprehensive income statement for period that will not subsequently be released to income statement			
Actuarial profits/(losses) relating to "defined benefit plans"	18	7,959	(70,467)
Tax effect relating to Other Profits/(Losses)		-	-
Total Other Profits/(Losses) net of tax effect (B)		(37,899)	(70,467)
Total Overall Profit/(Loss) (A) + (B)		2,798,962	386,868



Schedule of changes in Consolidated Shareholders' Equity

Values in Euros

	Share Capital	Capital Reserves	Defined benefit plan reserves	Profit reserves	Total
Balance as of 1 January 2016	707,083	67,677,211	6,101	3,582,639	71,973,034
Purchase of own shares		(6,494)			(6,494)
Total overall Profit/(Loss)			(70,467)	457,335	386,868
Balance as of 30 June 2016	707,083	67,670,717	(64,366)	4,039,974	72,353,408
Balance as of 1 January 2017	707,083	67,564,205	(31,798)	7,922,910	76,162,400
Purchase of own shares		(324,993)			(324,993)
Dividends				(1,125,905)	(1,125,905)
Rounding				(1)	(1)
Total overall Profit/(Loss)			7,959	2,836,861	2,844,820
Balance as of 30 June 2017	707,083	67,239,212	(23,839)	9,633,864	77,556,320



Consolidated Cash Flow Statement

	30/06/2017	30/06/2016
Profit (loss) for period before taxes	3,941,486	301,869
Adjustments for		
- allocations to bad debts provision net of utilizations	663,317	506,021
- non-monetary elements - allocations / (releases)	53,848	72,427
- non-monetary elements - depreciation	884,672	1,023,869
Adjusted Profit (loss) for period before taxes	5,543,323	1,904,186
Cash generated by operations		
Income taxes paid	351,865	(1,054,626)
Other financial (income)/charges without cash flow (Fin. Amm.)	49,005	132,273
Financial derivatives	-	2,875
Total	400,870	(919,478)
Change in working capital		
Change in trade receivables	5,286,123	4,632,626
Change in trade payables	(10,224,314)	(5,803,867)
Change in inventories	(897,927)	(835,495)
Change in other receivables and other payables	(1,340,006)	(1,187,912)
Other changes	(11,015)	255,082
Change in TFR and other provisions	(67,826)	(201,576)
Changes in other provisions and deferred taxes	3	(305,217)
Total	(7,254,961)	(3,446,359)
Cash flow from operations (1)	(1,310,768)	(2,461,651)
Investments:		
- Tangible	(93,812)	(612,508)
- Intangible	(181,002)	20,294
- Financial	0	918
Cash flow from investment activities (2)	(274,814)	(591,296)
Financial assets		
Opening of short-term loans ("hot money")	3,000,000	2,499,963
(Repayments) of short-term loans ("hot money")	-	(555,000)
Receipt / (repayment) Senior loan	(3,823,000)	(1,900,000)
Receipt / (repayment) other financial debts (factor + IBM + leasing)	1,640,000	(45,000)
Changes to other financial liabilities (accrued interest)	4,047	(132,273)
Purchase of own shares	(324,993)	(6,494)
Dividends paid out	(1,125,905)	-
Cash flow from financing activities (3)	(629,851)	(138,804)
Cash flow from activities in operation	(2,215,433)	(3,191,751)
Cash flow from ceased activities	-	-
Change in liquid assets (1+2+3)	(2,215,433)	(3,191,751)
Liquid assets at start of period	27,622,102	22,816,111
Liquid assets at end of period	25,406,669	19,624,360



FORM AND CONTENT OF THE CONSOLIDATED ABBREVIATED INTERIM FINANCIAL STATEMENTS

Introduction

This Interim Financial Report as of 30 June 2017 (hereinafter the “Interim Report”) has been drawn up pursuant to the AIM Regulation.

These abbreviated interim financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and approved by the European Union. IFRS is understood to also refer to the International Accounting Standards (“IAS”) still in effect, as well as all of the interpretation documents issued by the Interpretation Committee, previously named the International Financial Reporting Interpretations Committee (“IFRIC”) and before that the Standing Interpretations Committee (“SIC”). In preparing these abbreviated interim Financial Statements, drawn up in accordance with IAS 34 - Interim Financial Statements, the standards used were the same as those adopted in preparing the Consolidated Financial Statements as of 31 December 2016.

We also stress that the informational contents of these abbreviated interim financial statements cannot be considered similar to those of complete financial statements drawn up pursuant to IAS 1, with particular reference to the more scarce information provided in regard to financial assets and liabilities.

1 Consolidation Area

These consolidated financial statements include the balance sheets as of 30 June 2017 of the companies/entities included in the consolidation area (hereinafter the “consolidated entities”) prepared in accordance with the Group’s IAS/IFRS accounting standards.

Subsidiaries are considered to be all of those companies in which the Group has equity holdings and simultaneously has:

- decision-making power, i.e. the capacity to direct the company’s significant activities, that is, those activities that have a significant influence on that company’s results;
- the right to variable (positive or negative) results deriving from the equity holding in the consolidated entity;
- the ability to use its own decision-making power to determine the amount of the results deriving from the equity holding in the consolidated entity.

The financial statements of the subsidiaries are included in the consolidated financial statements starting from the date control is assumed until the time that control ceases to exist. The portions of shareholders’ equity and results attributable to the minority shareholders are indicated separately, in the consolidated Balance Sheet and Income Statement, respectively.

Below we list the entities included in the consolidation area and the respective percentages of direct or indirect ownership by the Group:



Company	Nation	Share Capital	Parent Company	Percentage of Ownership	Percentage of direct Ownership
Italian Wine Brands S.p.A.	Italy	707,083 Euros	-	Group Leader	
Provinco Italia S.p.A.	Italy	132,857 Euros	IWB S.p.A.	100%	100%
Giordano Vini S.p.A.	Italy	14,622,511 Euros	IWB S.p.A.	100%	100%
Giordano Vini Retail S.r.l.	Italy	75,000 Euros	Giordano Vini S.p.A.	100%	100%
Provinco Deutschland GmbH	Germany	25,000 Euros	Provinco Italia S.p.A.	100%	100%

2 Specific criteria for the recording of interim results

Seasonality

The monthly economic-financial results show fluctuations that are due to the seasonal nature of the business:

- 1) one variable is given by the number of sales campaigns in the Mail Channel, the outcome of which is in part linked the holiday calendar in various countries;
- 2) the result for the third quarter of the year reflects in particular the sales costs for the preparation of the communication relating to the Christmas campaign and the financial expenditures for the purchases of gadgets linked to the same;
- 3) in the months of September and October most of the purchases linked to the harvest take place, which thus entail intense outlays and the peak value of inventory, with a penalization of net working capital;
- 4) a very considerable part of the revenues and margins is generated in the last quarter of the year, in relation to the Christmas sales campaign; in addition, the intense sales effort can be affected by the adverse weather conditions, typical of that period, that impact the collection of postal orders and the distribution of packages to clients.

Taxes

Taxes are calculated on the result for the period, based on the best estimate of the tax rate anticipated to be applied on the result for the entire accounting period.



Costs

The costs sustained in a non-uniform or linear manner during the course of the accounting period are advanced and/or deferred at the end of the half-year only to the extent the advance and/or deferral of the same is consistent with the accounting standards for the preparation of the annual financial statements.

Use of estimates

The fundamental assumptions regarding the future and the other causes of uncertainty in making estimates as of the reference date of the financial statements that can cause significant adjustments in the accounting values of the assets and liabilities within the subsequent accounting period, are principally linked to:

- processes of evaluation of non-recurring losses of value of assets, generally applied completely only at the time of drafting of the annual financial statements, except in cases where there are indicators of impairment;
- the process of determination of the bad debts provision;
- the process of evaluation of inventories.

3 Fair value measurement

In relation to the financial instruments valued at fair value, we provide below the classification of those instruments based on the hierarchy of levels provided for by IFRS 13, that reflects the significance of the inputs used in determining fair value. The following levels exist:

Level 1 – unadjusted quoted prices in active markets for assets or liabilities subject to valuation;

Level 2 – inputs other than quoted prices included in the previous point, that are observable on the market, directly (as in the case of prices) or indirectly (i.e. as derived from prices);

Level 3 – inputs not based on observable market data.

There are no assets or liabilities valued at fair value as of 30 June 2017.

3.1 Financial risks

The Group is exposed principally to financial risks, receivables risk and liquidity risk.

Exchange rate risk

The group is subject to market risk deriving from the fluctuation of exchange rates, since it operates in an international context, with transactions conducted in various currencies. The exposure to risk derives from both the geographic distribution of the sales activities, and the various countries in which purchases take place. Specific hedges against the risk of currency



fluctuations are executed through the subscription of currency option and (outright) future contracts.

Interest rate risk

Since the financial debt is principally regulated by variable interest rates, it follows that the Group is exposed to the risk of their fluctuation. The trend of interest rates is constantly monitored by the company, and in relation to their variation it is assessed whether to adequately hedge against interest rates risk. The Group does not currently hedge such risk, taking into account the minor impact on the income statement deriving from the variation of interest rates.

Financial derivatives (for exchange hedging) in relation to which it is not possible to identify an active market, are recorded in the financial statements at fair value and are included under the categories of financial assets and liabilities and other assets and liabilities. The related fair value has been determined through valuation techniques based on market data, in particular making use of specific pricing models recognized by the market.

Receivables risk

Receivables risk represents the exposure of the Group companies to potential losses from counterparties' lack of compliance with the obligations they have assumed.

The receivables shown in the financial statements are represented essentially by receivables from final consumers, for which the risk of lack of collection is moderate and in any event involves small individual amounts. The Company has instruments for the preventive monitoring of the solvency of each single customer, as well as instruments for monitoring and requesting payment of receivables through an analysis of collection flows, late payments and other statistical parameters.

Liquidity risk

The group finances its activities both through the cash flows generated by operations and through the recourse to outside funding sources, and is thus exposed to liquidity risk, represented by the fact that the financial resources may not be sufficient to meet financial and commercial obligations by the preset terms and deadlines. The cash flows, funding and liquidity needs of the group are monitored considering the due dates of financial assets (trade receivables and other financial assets) and the cash flows expected from the respective operations. The Group has both secured and unsecured lines of credit, made up of short-term revocable lines in the form of hot money, bank account overdrafts and signature loans.



Risk of default and “covenants” on debt

This risk regards the presence in loan contracts of provisions that entitle the counterparties to ask the debtor for immediate repayment of the sums lent, upon the occurrence of specific events, thus generating liquidity risk.

In detail, as a result of the full refinancing of the debt relating to the Giordano Vini Group that was positively concluded in July 2017, the loan contracts have financial covenants as a function of the performance of certain financial parameters at the consolidated group level.

Operational and management risks

The Group neither owns or operates vineyards, and it purchases the raw materials necessary for the production of wines (grapes, must and unbottled wines) directly from third-party producers. The performance of the market of those raw materials, that are natural products, depends principally on the results of the harvests, that in turn are influenced in terms of quantity and quality by the factors of weather, phytopathologies and pollutants. Although the Group has adopted a flexible procurement system, based on the purchase of raw materials in the principal Italian wine-making regions from year to year as a function of the success of the harvest, and has developed a consolidated relationship with suppliers, it is not possible to exclude a situation where particularly poor harvests could lead to a considerable price increase of raw materials or make the procurement of grapes, must and unbottled wine difficult at the quantities and qualities necessary to meet the demand from customers. In addition, the Group’s catalogue is made up principally of DOC, DOCG and IGT wines, and poor harvests could influence the Group’s ability to continue to maintain a range of products offered centered on wines with these characteristics. Those circumstances could have a negative effect on the Group’s economic, asset and financial situation.

4.1 Approved accounting standards and interpretations in effect since 1 January 2017

There are no standards and interpretations approved by the EU and in effect starting from 1 January 2017.

4.2 International accounting standards and/or interpretations issued but not yet in effect and/or approved

As required by IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, we present below the new Standards and Interpretations that have already been issued, but are not yet in effect, or have not yet been approved by the European Union as of 30 June 2017 and thus are not applicable.

None of those Standards and Interpretations have been adopted by the group in advance.



- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The IASB has issued these amendments to eliminate an inconsistency between IFRS 10 and IAS 28, specifying that if the assets sold / contributed constitute a business as defined by IFRS 3, the potential capital gain or loss must be recognized entirely; if that is not the case, the potential capital gain or loss must be recognized only partially, as pertinent.

The amendments, whose entry into effect has been deferred indefinitely, have not yet been approved by the European Union. No impact is anticipated on the Financial Statements from the future application of these amendments, since the current accounting treatment followed by the Group is already compliant.

- IFRS 9 - Financial Instruments

IFRS 9, that will substitute IAS 39 Financial Instruments: Recognition and Measurement, is divided into three parts:

1. Classification and measurement of financial instruments based on the entity's business model and the characteristics of the cash flows generated by the financial instruments;
2. Impairment of financial instruments based on a new and single impairment model that is based on the recognition of the expected losses of an entity. That model does not apply to the instruments representing capital and provides for operational simplifications for trade receivables;
3. Hedge accounting based on a more flexible approach than that contained in IAS 39. That standard, approved by the European Union, will apply starting on 1 January 2018. The impacts that will result from the future application of the standard are still being analyzed. The amendments relating to financial liabilities are not applicable to the Group.

- IFRS 15 – Revenue from Contracts with Customers

The model for revenue recognition of IFRS 15 is based on the identification of the various performance obligations contained inside each single sales contract and the recognition of revenues based on the satisfaction of the single contractual obligations.

That standard, approved by the European Union, will apply starting on 1 January 2018.

The impacts that will result from the future application of the standards are still being analyzed.

- IFRS 16 – Leases

The new standard on leasing, that will substitute the current IAS 17, provides a single accounting model for the lessee based on which all leasing operations must be recorded in the balance sheet. The concept of “operating lease” will in fact disappear.

The lessee must record in the balance sheet the asset subject to leasing under the item “buildings, plants and machinery” and simultaneously record financial liabilities equal to the current value of the future payments.



The only exceptions allows are short-term leases (with duration lower than or equal to 12 months) and the leasing of “small assets” (e.g. office furnishings, PCs) for which the accounting treatment remains analogous to that currently adopted for operating leases. If a leasing contract includes the provision of a service, this cannot be capitalized.

That standard, whose entry into effect is planned for 1 January 2019, has not yet been approved by the European Union. The quantification of the impacts that will result from the future application of the standard are still being determined.

- Amendments to IAS 7 – Disclosure Initiative

The goal of these amendments is to improve disclosure relating to the net flow generated / absorbed by investment activities and the entity’s liquidity, in particular in the presence of restrictions on the use of cash and cash equivalents in the cash flow statement. The amendments also require disclosure of the changes in the assets / liabilities distinguishing monetary items from non-monetary items (for example resulting from the obtainment or loss of control of subsidiaries or other businesses, the effect of the variation of exchange rates and the variations of fair value). These amendments, whose entry into effect is scheduled for 1 January 2017, have not yet been approved by the European Union. The impacts on the disclosure of the Consolidated Financial Statements are currently being analyzed.

- Clarifications regarding IFRS 15 - Revenue from Contracts with Customers

These clarifications do not modify the standard but clarify how the standard must be applied, especially with reference to three aspects:

- identification of performance obligations
- distinction between principal and agent
- recognition of revenues linked to the granting of licenses at a specific moment or in the course of time.

In addition, these amendments introduce additional simplifications to reduce costs and complexities linked to the first application.

These clarifications, that are scheduled to enter into effect starting on 1 January 2018, have not been approved by the European Union and the respective impacts are still being analyzed.

- Amendments to IAS 12 – Recognition of deferred tax assets on unrealized losses

These amendments clarify how to account for deferred tax assets relating to debt instruments valued at fair value.

The standard, scheduled to enter into effect starting on 1 January 2017, has not been approved by the European Union. The amendments are not applicable to the Group.

- Amendments to IFRS 2 - Share-Based Payment

The goal of these amendments is to clarify the accounting treatment of certain types of payments based on shares.



The amendments, that are scheduled to enter into effect starting on 1 January 2018, have not yet been approved by the European Union. No impacts are anticipated in the Group's financial statements from the future application of these amendments.

- Amendments to IFRS 4 - Application of IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts.

These amendments govern the implementation of the new standard on financial instruments, IFRS 9, before that of IFRS 4 to which the IASB is making additional changes. The amendments, whose entry into effect is scheduled for 1 January 2018, have not yet been approved by the European Union and are not applicable to the Group.

- "Improvements" to IFRS 2014-2016 cycle (issued by the IASB in December 2016)
The IASB issued a series of amendments to three standards in effect, that regard the following aspects in particular: specification concerning the scope of application of IFRS 12 - Disclosure of Interests in Other Entities - in the presence of entities coming under the scope of application of IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations; valuation of subsidiaries or joint ventures at fair value in the presence of investment entities in IAS 28 - Investments in Associates; elimination of short-term exemptions for those who adopt IFRS for the first time in IFRS 1 - First-time Adoption of IFRS.

These amendments, whose entry into effect is scheduled for 1 January 2017 (IFRS 12) and 1 January 2018 (IFRS 1 and IAS 28), have not yet been approved by the European Union. The amendments to IAS 28 and IFRS 1 are not applicable to the Group, while the amendments to IFRS 12 are applicable only in the presence of entities classified in the scope of IFRS 5.

- IFRIC 22 - Foreign Currency Transactions and Advance Consideration

The goal of this interpretation is to determine the exchange rate to be used in the conversion of advance consideration in foreign currency, paid or received. In the presence of advances paid or received, the exchange rate to be used to convert assets, liabilities, revenues or costs recorded at a subsequent time is the same used to convert the advance.

The interpretation, scheduled to enter into effect on 1 January 2018, has not yet been approved by the European Union. The impact of the interpretation on the Group's financial statements is still being analyzed.

- Amendments to IAS 40 - Transfers of Investment Property

These amendments further clarify the situations in which it is possible to re-classify a real estate asset inside or outside the category of investment properties. The amendments, scheduled to enter into effect on 1 January 2018, have not yet been approved by the European Union and do not apply to the Group's financial statements.

- IFRIC 23 – Uncertainty over Income Tax Treatments

This interpretation provides indications on how uncertainties over the income tax treatment of a specific phenomenon are to be reflected in accounting.



The interpretation, scheduled to enter into effect on 1 January 2019, has not yet been approved by the European Union. The impact of the interpretation on the Group's financial statements is currently being analyzed.



EXPLANATORY NOTES

5 Intangible Fixed Assets

Intangible fixed assets refer almost completely to the group's proprietary trademarks. The changes are shown here:

Values in thousands of Euros

	Trademarks and patents	Software	Other	Total
Values al 1/1/2016	29,907	120	6	30,033
Changes in period:				
- Purchases in period	10	14	4	28
- Decreases / re-classifications	(9)	(25)	-	(34)
- depreciations	(77)	(55)	-	(132)
Total changes	(76)	(66)	4	(138)
Values al 31/12/2016	29,831	54	10	29,895
Changes in period:				
- Purchases in period	6	35	140	181
- depreciations	(3)	(30)	(8)	(41)
Total changes	3	(7)	144	140
Values al 30/06/2017	29,834	48	154	30,035

The item trademarks and patents consists of the Giordano Vini Trademark, consisting of the value emerging from the merger of Ferdinando Giordano S.p.A. into Giordano Vini S.p.A (formerly Alpha S.r.l.) carried out in previous years. These also include the trademarks owned by Provinco, valued at 8,586,000 at the time of allocation of the purchase price pursuant to standard IFRS 3.

We note that those trademarks are identified as having an indefinite useful life, and as a consequence are not subject to depreciation but rather to an annual impairment test similar to goodwill. The book value is unchanged with respect to that in the financial statements as of 31 December 2016, in line with what has been done for goodwill, for which we refer to the subsequent paragraph.



6 Goodwill

Goodwill consists of 11,289,000 Euros of goodwill recorded following the business aggregation of Provinco, and 43,719,000 of goodwill recorded in relation to the sub-group Giordano Vini.

We note that, in the absence of “impairment indicators”, no interim impairment test has been conducted as of 30 June 2017. We note that in the context of the impairment test conducted for the 2016 financial statements no loss of value emerged.

7 Lands, buildings, plants and machinery

The change in tangible fixed assets is shown here:

Values in Euros

	Lands and buildings	Plants and machinery	Equipment	Other	Fixed assets under const. and advances	Total
Cost at 1/1/2016	12,607	18,620	596	4,737	18	36,577
Changes in period:						
- Increases	69	299	40	569	145	1,122
- sales	(11)	(4,589)	(31)	(747)	(160)	(5,538)
Total changes	58	(4,290)	9	(178)	(15)	(4,416)
Total cost at 31/12/2016	12,665	14,330	605	4,559	3	32,161
Depreciation provisions at 1/1/2016	(2,527)	(13,777)	(458)	(2,862)	-	(19,623)
Changes in period:						
- depreciations	(281)	(845)	(42)	(665)	-	(1,833)
- sales	3	4,122	29	667	-	4,821
Total changes	(278)	3,277	(13)	2	-	2,988
Total depreciation provisions at 31/12/2016	(2,805)	(10,500)	(471)	(2,860)	-	(16,635)
Values al 31/12/2016	9,860	3,830	134	1,699	3	15,526

Values in euro



	Lands and buildings	Plants and machinery	Equipment	Other	Fixed assets under const. and advances	Total
Cost at 1/1/2017	12,665	14,330	605	4,559	3	32,161
Changes in period:						
- Increases	16	25	6	21	28	96
- sales	-	(325)	-	(8)	-	(333)
Total changes	16	(300)	6	13	28	(237)
Total cost as of 30/06/2017	12,681	14,030	611	4,572	31	31,924
Depreciation provisions as of 1/1/2017	(2,805)	(10,500)	(471)	(2,860)		(16,635)
Changes in period:						
- depreciations	(120)	(374)	(18)	(333)		(845)
- re-classifications						0
- sales		325		8		333
Total changes	(120)	(49)	(18)	(325)	-	(512)
Total depreciation provisions as of 30/06/2017	(2,925)	(10,549)	(489)	(3,185)	-	(17,147)
Values as of 30/06/2017	9,756	3,481	122	1,387	31	14,777

8 Equity Holdings

The item Equity Holdings, that refers entirely to the Giordano Vini group, is detailed as follows:

Values in Euros

	Country	Value as of 30/06/2017	Value as of 31/12/2016
Subsidiaries			
Italian Wine & Oil Food Group PLC	USA	-	-
Other enterprises			
BCC di Alba e Roero	Italy	258	258
Consorzio Conai	Italy	665	665
Unione Italiana Vini Scarl	Italy	258	258
Consorzio Natura è Puglia	Italy	500	500
Consorzio Granda Energia	Italy	517	517



Total	2,198	2,198
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The 100% owned company Italian Wine and Oil Food Group LLC was liquidated in the period, which considering its low significance and state of liquidation, was not consolidated in full. The other equity holdings refer to minority stakes.

9 Other Non-Current Assets

These refer to 901,000 Euros for the IRAP (regional production tax) credit deductible from IRES (corporate income tax) in relation to labor costs pursuant to Decree Law No. 201 of 2011, and the remainder refers to the amount of security deposits.

10 Deferred Taxes

Deferred tax assets and liabilities originate from the following temporary differences:

Values as of 30 June 2017

Values in thousands of Euros

Description	Taxable amount	Rate	Balance
Tangible and intangible fixed assets	570	27.90%	159
Provisions for risks and charges	967	24.00%	232
Provisions for returns and inventory write-down	545	27.90%	152
Non-deductible interest payable	1,033	24.00%	248
Multi-year charges not capitalizable for IFRS purposes	355	27.90%	99
Bad debts provision	1,233	24.00%	296
Directors' fees	133	24.00%	32
Provision for severance pay	688	27.90%	192
Total prepaid tax assets			1,410
Description			
Aggregations of enterprises / Goodwill	8,586	27.90%	2.395
Tangible and intangible fixed assets	28,616	27.90%	7.984
Total provisions for deferred taxes			10,379



Values as of 31 December 2016

Values in thousands of Euros

Description	Taxable amount	Rate	Balance
Tangible and intangible fixed assets	513	27.90%	143
Provisions for risks and charges	855	24.00%	205
Provisions for returns and inventory write-downs	511	27.90%	143
Non-deductible interest payable	1,060	24.00%	254
Exchange rate differences	31	24.00%	7
Multi-year charges not capitalizable for IFRS purposes	423	27.90%	118
Bad debts provision	1,186	24.00%	285
Directors' fees	300	24.00%	72
Provisions for severance pay	695	27.90%	194
Other	33	24.00%	8
Total prepaid tax assets			1,429

Description	Taxable amount	Rate	Balance
Aggregations of enterprises / Goodwill	8,586	27.90%	2,395
Tangible and intangible fixed assets	28,849	27.90%	8,049
Total provision for deferred taxes			10,444

11 Inventories

The composition is as follows:

Values in thousands of Euros

	30/06/2017	31/12/2016
Raw materials and consumables	1,816	1,447
Semi-finished products	11,154	10,539
Finished products	5,578	5,518
Advances	73	209
Total	18,621	17,712

The item includes:

- the components for production of bottles (glass, corks and labels), packaging, wine products (raw materials);
- food products, unbottled and bottled wine, liquors (semi-finished products);
- packages and gadgets (finished products).

The change in inventories of raw materials principally regards the presentation packaging of the wine bottles.



The book value of the inventories is shown net of a write-down provision of 524,000 Euros, whose change with respect to 31 December 2016 is shown here:

Values in thousands of Euros

Provision as of 1/1/17	472
Allocations	225
Releases	(173)
Provision at end of period	524

12 Trade Receivables

Trade receivables as of 30 June 2017 and 31 December 2016 are detailed here:

Values in thousands of Euros

	30/06/2017	31/12/2016
Trade receivables	20,631	26,386
Write-down provision	(2,600)	(2,405)
Total	18,031	23,981

During the course of the half-year, the bad debts provision underwent the following changes:

Values in thousands of Euros

	30/06/2017	31/12/2016
Provision as of 1/1	2,405	2,580
Allocations	663	1027
Utilizations	(468)	(1,202)
Provision at end of period	2,600	2,405

The allocations have been made based on the estimate of the presumable realization value of the receivables, also in light of the possible risks of total or partial non-collectability of the same and based on economic-statistical criteria, in accordance with the principle of prudence. In addition, the provisions have been deducted in the accounts, as an indistinct lump-sum, from the total of the item.



Specifically, the criterion adopted for the write-down of the receivables is based on an analysis of the “state of claim payment request”; this analysis includes the variables of the time passed since the claim came due and the percentage reduction linked to each geographic area based on the statistical analysis of probability of recovering the same.

There are no claims with a contractual duration exceeding 5 years.

13 Other Assets

The other assets as of 30 June 2017 and 31 December 2016 are detailed as per the following table:

<i>Values in thousands of Euros</i>	30/06/2017	31/12/2016
Receivables from distributors for COD	228	308
Security deposits	356	344
Other	1,080	814
Prepaid expenses	336	246
Total	2,000	1,712

14 Current Tax Assets

Tax credits as of 30 June 2017 and 31 December 2016 are detailed in the following table:

<i>Values in thousands of Euros</i>	30/06/2017	31/12/2016
VAT credits	1,015	663
IRAP credits	249	428
Other	18	16
IRES credits	122	985
Total	1,403	2,092

With effect from the 2016 accounting period, the Group Leader (together with the subsidiaries Giordano Vini S.p.A., Giordano Vini Retail S.r.l. and Provinco Italia S.p.A.) has opted for the IRES national tax consolidation for the 2016-2018 period, in which the Company has the role of “Tax Consolidator” with the effects shown also in the income and financial results as of 30 June 2017.



Participation in the tax consolidation is governed by a specific regulation in effect for the entire period of validity of the option.

The financial relationships of the tax consolidation are summarized here:

- relating to the accounting periods with positive taxable income, the subsidiaries pay the Consolidator the greater tax it owes to the Revenue Service;
- the consolidated companies with negative taxable income receive an offset from the Group Leader equal to 100% of the tax savings realized at the group level recorded based on accrual. The offset is paid only at the moment of actual use by the Group Leader, for itself and/or for other companies in the group;
- in the event that the Group Leader and the subsidiaries do not renew the option for the national consolidation, or if the requirements for continuation of the national consolidation are lost before the end of the three-year period of validity of the option, the tax losses eligible to be carried forward indicated in the declaration shall be attributed to the consolidating company or entity.

15 Liquid Assets

Liquid assets as of 30 June 2017 and 31 December 2016 are detailed in the following table:

<i>Values in thousands of Euros</i>	30/06/2017	31/12/2016
Bank deposits	25,050	26,534
Postal deposits	124	766
Checks	198	291
Cash	34	32
Total	25,407	27,622

16 Shareholders' Equity

The company's Shareholders' Equity is made up as follows:

<i>Values in Euros</i>	30/06/2017	31/12/2016
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Share Capital	707,083	707,083
Legal reserve	-	-
Share premium reserve	65,049,505	65,049,505
Reserve for defined benefit plan actuarial gains	(23,839)	(31,798)
Reserve for purchase of own shares	(437,999)	(113,006)
Other reserves	2,627,706	2,627,706
Past profits / (losses)	6,797,004	3,582,639
Profit / (loss) for period	2,836,861	4,340,271
Total reserves	76,849,237	75,455,317
Total Group Shareholders' Equity	77,556,320	76,162,400
Minority interests in Shareholders' Equity	-	-
Total Shareholders' Equity	77,556,320	76,162,400

Share Capital

During the course of the half-year the procedure for redemption by IWB of 685,000 Redeemable Shares referring to the "2016 tranche" owned by the shareholder OGV S.r.l. was concluded, based on the authorization for purchase of redeemable shares resolved by the IWB Shareholders' Meeting on 22 April 2016 and in implementation of the financial compensation mechanism provided for by Art. 6.3, lett. e) (II) of the IWB By-laws.

Following the redemption procedure, the share capital of Italian Wine Brands is equal to 707,083.40, divided into 5,674,374 ordinary shares, without the indication of nominal value.

Reserves

The share premium reserve was generated by the listing operation, that took place in 2015.

The reserve for defined benefit plans is generated by the actuarial gains deriving from the evaluation of the employee severance indemnities pursuant to standard IAS 19, accumulated.

The other reserves consist of 3,112,000 Euros from the reserve for operations "under common control" generated by the first consolidation that took place during the first half of 2015 of the Giordano Vini group, net of a negative reserve of 498,000 Euros generated by the direct charging to Shareholders' Equity of the expenses sustained by the group leader in relation to the cited operations on the share capital net of the related deferred taxes, pursuant to standards IAS 32.

Lastly, during the course of the period the Group leader purchased 33,000 own shares, that added to those already present as of 31/12/16, reach the number of 44,850, representing 0.71% of the share capital.



The reconciliation schedule between the equity and results of the group leader and the consolidated figures is shown here:

Values in Euros	30 June 2017	
	Result for period	Shareholders' equity
IWB SpA Shareholders' Equity - ITA GAAP Standards	4,465,577	71,857,243
Differences in accounting standards	50,875	2,756,939
IWB SpA Shareholders' Equity - IFRS Standards	4,516,452	74,614,182
Elimination of book value of consolidated equity holdings:		
Book value of consolidated equity holdings		- (54,255,983)
Pro-rata of equity of consolidated holdings net of consolidation differences	3,044,226	57,212,430
Dividends from subsidiaries	(4,715,877)	-
Consolidation adjustments for operations carried out between consolidated companies	(7,940)	(14,309)
Application of financial methods for goods under financial leases		
Shareholders' Equity and result for period pertaining to the Group	2,836,861	77,556,320
Portion pertaining to third parties	-	-
Consolidated shareholders' equity and result	2,836,861	77,556,320

17 Financial Debts

The situation of group financial debts as of 30 June 2017 is illustrated here:

Values in thousands of Euros

30/06/2017



	Short-term	Medium/long-term (within 5 years)	Long-term (after 5 years)	Total
Pool loan - Senior	3,768	27,092	-	30,860
Short-term unsecured loans	4,500	-	-	4,500
Other GV loans	816	2,699	-	3,515
Accrued financial liabilities	84	-	-	84
Total Banks	9,168	29,791	-	38,959
Payables to leasing companies	-	-	-	-
Total other lenders	-	-	-	-
Total	9,168	29,791	-	38,959

The situation as of 31 December 2016 was the following:

<i>Values in thousands of Euros</i>				31/12/2016
	Short-term	Medium/long-term (within 5 years)	Long-term (after 5 years)	Total
Pool loan - Senior	3,761	30,922	-	34,683
Short-term unsecured loans	1,500	-	-	1,500
Other unsecured loans	675	1,200	-	1,875
Accrued financial liabilities	30	-	-	30
Total Banks	5,966	32,122	-	38,088
Payables to leasing companies	2	-	-	2
Total other lenders	2	-	-	2
Total	5,968	32,122	-	38,090

Bank debt as of 30 June 2017 consists of the following loans:

- Loan of 1.5 million Euros granted to the Group Leader with a duration of 36 months including 6 months pre-amortization period, with semiannual installments, rate equal to the Euribor 6 month rate plus a spread of 1.95 points, Italian amortization plan, initial expenses equal to 0.80%.
- Medium-term unsecured loan granted to Giordano Vini S.p.A. for a total of 31 million Euros divided into the following tranches:



- Tranche A of an amount of 9.5 M Euros coming due on 31/12/2019 with repayment through deferred semiannual constant principal installments and a rate equal to the Euribor plus 2.5% (repayment of € 1.9M made in the half-year period);
 - Tranche B of an amount of 14.5 M coming due on 31/12/2020 with repayment in a single “bullet” payment at maturity and a rate equal to the Euribor plus 3.0%;
 - Tranche C of an amount equal to 7.4 M coming due on 31/12/2020 with repayment in a single “bullet” payment at maturity and a rate equal to the Euribor plus 3.5 % (repayment of € 1.9M made in the half-year period).
- Short-term “hot money” loan granted to the subsidiary Giordano Vini with opening of bank account line of credit of € 1.5 million, with quarterly renewal. The due date of the loan is set at the end of each quarter.
 - On 07/02/2017 the subsidiary Provinco Italia took out a short-term loan with the opening of a line of bank account line of credit of € 3,000,000. The due date of the loan is set at 04/08/2017 with the possibility of extension for an additional six months.
 - Short-term loan granted to the subsidiary Giordano Vini of € 125,000 with extinction set for 30/09/2017;
 - Loan of € 1.9 million, disbursed on 20/02/2017, with extinction set for 20/02/2022.

Financial debts are entered in the financial statements at the value resulting from the application of the amortized cost, determined as the initial fair value of the liabilities net of the costs sustained for obtaining the loans, increased by the cumulative depreciation of the difference between the initial value and that at maturity, calculated using the actual interest rate.

In relation to the loans indicated above, specific commitments were undertaken, and are illustrated in the section “guarantees provided or received”.

The cited loan contracts have similar or standard clauses for these types of operations, such as, for example: (i) establishment of a financial covenant (calculation at the level of the Italian Wine Brands Group) as a function of the performance of certain financial parameters at the consolidated group level; (ii) disclosure obligations in relation to the occurrence of significant events for the Company, and corporate disclosure; (iii) commitments and obligations, common for lending operations of this type, such as limits on the assumption of financial debt and the sale of assets, and prohibition on distribution of dividends or reserves if those financial parameters are not met.



To guarantee the proper and exact fulfillment of the Company's obligations pursuant to the cited medium-term loans, guarantees have been established in line with market practice for these types of operations, issued by the parent company IWB.

18 Severance Indemnities

Defined contribution plans

In the case of defined contribution plans, the Company pays contributions to public or private insurance institutes based on a legal or contractual obligation, or on a voluntary basis. With the payment of the contributions the Group fulfills all of its obligations.

The payables for contributions to be paid as of the financial statement date are included in the category "Other current liabilities"; the cost for the period accrues on the basis of the service rendered by the employee and is recorded in the item "Personnel costs" in the relevant area.

Defined benefit plans

The plans in favor of employees, configurable as defined benefit plans, are represented by the severance indemnities ("TFR"); the liability is calculated on an actuarial basis with the "unitary credit projection". The actuarial gains and losses determined in the calculation of those items are shown in a specific Shareholders' Equity reserve. Below we provide the changes in liabilities for the TFR as of the date of 30 June 2017:

<i>Values in thousands of Euros</i>	2017	2016
Provision as of 1/1	1,007	1,724
Allocations	20	13
Advances paid in period	-	(52)
Indemnities paid in period	(21)	(131)
Actuarial (gain) / loss	(8)	38
TFR related to transferred workers	-	(585)
Financial expenses	1	-
Provision at end of period	999	1,007

The component "Allocation of costs for benefits to employees", "contribution / benefits paid" are recorded in the Income Statement under the item "Personnel costs" in the relevant area. The item "financial charges / (income)" is recorded in the Income Statement under the item "Financial income (charges)", while the component "actuarial gains/(losses)" is shown among other comprehensive income and channeled into a Shareholders' Equity Reserve denominated "Actuarial gains/losses reserve".



The principal actuarial assumptions used are the following:

Actuarial assumptions	30/06/2017	31/12/2016
Discount rate	1.50%	1.48%
Inflation rate	1.50%	1.50%
Average annual percentage of departure of personnel	7.26%	7.26%

19 Provisions for risks and charges

During the half-year the item underwent the following changes:

Values in thousands of Euros

	Non-current	Current	Total
Provision as of 1/1/2017	1,936	60	1,996
Allocations		59	59
Utilizations	(13)	(60)	(73)
Provision as of 30/06/2017	1,923	59	1,982

The changes in the previous accounting period are as follows:

Values in thousands of Euros

	Non-current	Current	Total
Provision as of 1/1/2016	1,931	63	1,994
Allocations	62	60	122
Utilizations	(57)	(63)	(120)
Provision as of 31/12/2016	1,936	60	1,996

Non-current liabilities include:

- allocations made at the Giordano Vini level in regard to legal disputes with suppliers, disputes with former employees and others, of 855,000 Euros;
- a provision of 311,000 Euros relating to potential tax liabilities for Provinco Italia; in that regard, we note that in the 2012 accounting period the subsidiary received a Tax



Audit Report referring to the tax periods 2010, 2011 and 2012 for a total of 650,000 Euros. In January 2013 the Company sent its observations to the Revenue Agency, challenging the findings in the Report. The provision was then used in part on 21 September 2015 for the payment of € 159,074 to settle only the penalties at a reduced rate, and on 21 December 2015 for the payment of € 180,175 relating to the payment of 1/3 of the taxes assessed plus interest, in concurrence with the notification of the petition before the First Instance Tax Commission of Trent against the assessment. The management, with the support of its tax advisors, believes the provision is suitable.

- the estimate of the potential liabilities referring to the supplementary customer allowance for agents and product risk traceable to the subsidiary Provinco for 691,000 Euros. The provision for supplementary customer alliance has been calculated taking into account the collective economic agreements and the maximum limit of Art. 1751 of the Civil Code. The provision for product risk covers the potential losses deriving from the goods sold by the Company.

Current liabilities include the sales returns provision, referring to Giordano Vini.

20 Trade payables

This item includes all payables of a trade nature, that have the following geographic distribution:

- Italy: 32,860,000 Euros
- Foreign: 805,000 Euros

21 Other liabilities

These are made up as follows:

<i>Values in thousands of Euros</i>	30/06/2017	31/12/2016
to employees	954	872
to pension and welfare entities	417	346
to directors	-	30
deferred income	484	520
other	692	626
Total current	2,547	2,394

The payable to employee personnel principally includes salaries for the month of June paid in the month of July, and the deferred compensation for vacation and holidays accrued and not yet used.



The item deferred income consists principally of the portion that will accrue in future accounting periods of the contribution for plant investments obtained from the Apulia Region in 2010.

22 Current tax liabilities

These consist of the following:

Values in thousands of Euros

	30/06/2017	31/12/2016
VAT	1,116	1,262
IRPEF (personal income tax) withholdings	300	369
IRAP	40	-
Duties	156	267
Other taxes	2	7
Total	1,614	1,905

23 Revenues from sales and other revenues

Revenues from sales and other revenues and income as of 30 June 2017, compared with those for the first half of the previous accounting period, are detailed here:

Values in thousands of Euros

	30/06/2017	30/06/2016	% change
Italy Revenues	17,952	18,112	-0.89%
Foreign Revenues	50,638	45,674	10.87%
Germany	14,356	14,090	1.89%
Switzerland	11,344	10,617	6.85%
Austria	6,165	5,663	8.87%
England	4,688	4,274	9.71%
France	2,755	2,456	12.17%
Denmark	2,675	2,001	33.69%
United States	2,012	1,944	3.49%
Belgium	658	488	34.70%
Sweden	456	299	52.37%
China	450	266	68.86%
Holland	189	169	11.41%
Other countries	4,890	3,406	43.56%
Other revenues	399	800	-50.13%



Total	68,989	64,586	6.81%
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24 Costs for purchases

20.0 million Euros of costs for purchases refer to Giordano Vini (21.4 million Euros as of 30/6/16), and 16.9 million Euros refer to the subsidiary Provinco Italia (14.5 million Euros as of 30/6/16).

25 Costs for services

Costs for services as of 30 June 2017, compared with those for the first half of the previous accounting period, are detailed here:

<i>Values in thousands of Euros</i>	30/06/2017	30/06/2016
Third-party services	9,877	7,955
Shipping of sales	5,871	5,147
Postal expenses	2,816	2,269
Rents and fees	966	916
Consulting	288	861
Advertising costs	264	688
Utilities	351	265
Directors and auditors fees	318	300
Maintenance	146	120
Costs for outsourcing	0	493
Sales call costs	0	145
Commissions	341	449
Other costs for services	1,304	864
Total	22,542	20,472

We note that the fees for directors, statutory auditors and independent auditors are detailed as follows:

<i>Values in thousands of Euros</i>	30/06/2017	30/06/2016
Directors	295	372
Statutory Auditors	42	51
Independent Auditors	59	55
Total	396	478



26 Personnel Costs

Personnel costs as of 30 June 2017, compared with those for the first half of the previous accounting period, are detailed as follows:

<i>Values in thousands of Euros</i>	30/06/2017	30/06/2016
Wages and salaries	3,249	5,000
Social insurance costs	996	1,598
Severance indemnities	199	345
Service costs	77	295
Other costs	3	4
Total	4,524	7,242

The following table shows the number of employees:

	Current number 30/06/2017	Average number 30/06/2017
Executives	5	5
Mid-level management	10	9
Office workers	165	173
Laborers	25	24
Total	205	211

Personnel costs amount to 4,524,000 Euros, a marked reduction with respect to the same period of the previous years (7,242,000 Euros as of 30 June 2016 and 9,223,000 Euros as of 30 June 2015).

The reason lies in the strong reduction of the number of personnel in Giordano Vini, that went from 332 as of 30 June 2016 to 259 as of 31 December 2016 and 195 as of 30 June 2017.

27 Other operating costs



The item “other operating costs” includes residual charges referring mostly to Giordano Vini. The item in the comparative accounting period shows a balance in line with that of 2017.

28 Write-downs

The item is entirely related to the sub-group Giordano Vini and regards the write-down of trade receivables recorded in the period. In relation to the comparative accounting period, the amount, that again refers entirely to the sub-group Giordano Vini, included 506,000 Euros in write-downs of trade receivables and 346,000 Euros of write-downs of inventories.

29 Financial Expenses and Income

Financial income and expenses are detailed in the following tables:

<i>Values in thousands of Euros</i>	30/06/2017	30/06/2016
On current accounts	19	35
Exchange rate differences	61	
Total	80	35

<i>Values in thousands of Euros</i>	30/06/2017	30/06/2016
On loans	(577)	(672)
On bank accounts	(1)	(4)
On financial instruments	-	(15)
Bank costs and fees	(123)	(160)
Exchange rate differences	(89)	(48)
Other lenders	(47)	(36)
Total	(837)	(935)

In detail, the interest on loans includes:

- payable interest on short-term loans principally due to loans taken out with banks with a duration not exceeding six months.
- payable interest on medium/long-term loans that include expenses deriving from the debt to the lending banks, originated following the acquisition of Ferdinando Giordano S.p.A.



30 Taxes

Taxes as of 30 June 2017, compared with those for the first half of the previous accounting period, are detailed below:

<i>Values in thousands of Euros</i>	30/06/2017	30/06/2016
IRES	(1,038)	-
IRAP	(201)	(88)
Taxes for previous periods	-	(125)
Expenses (Income) from tax consolidation	88	1
Total current taxes	(1,151)	(212)
Prepaid taxes	(19)	260
Deferred taxes	65	107
Total deferred taxes	46	367
Total	(1,105)	155

31 Relationships with Related Parties

The relationships with Giordano Vini and Provinco Italia for the half-year closed as of 30 June 2017 regarded:

- (i) a commercial lease contract stipulated on 1 February 2012 between Provinco Italia and Provinco S.r.l. under which Provinco S.r.l. leased to Provinco Italia the property located in Rovereto (TN) – Via per Marco, 12/b; the lease has a duration of six years (until 31 January 2018) with tacit renewal for an identical period of time unless notice of withdrawal is sent 12 months before expiration; the agreed-upon rent is 60,000.00 Euros per year, plus VAT;
- (ii) in 2017 the relationships with other related companies did not continue, due to sales relationships implemented during 2015 with the companies Santa Marta società agricola and Fer.Gia S.r.l., owned directly by the Giordano family.

32. Atypical and Unusual Operations

Pursuant to Consob communication No. DEM/6064293 of 28 July 2006, we specify that during the period the Group did not carry out any atypical or unusual operations, as defined in that Communication, according to which atypical and/or unusual operations are those which in terms of significance/importance, nature of the counterparties, subject of the transaction, method of determining the transfer price and timing of the occurrence, could give rise to doubts concerning: the correctness/completeness of the information in the



financial statements, conflicts of interest, the safeguarding the company's assets, and the protection of the minority shareholders.