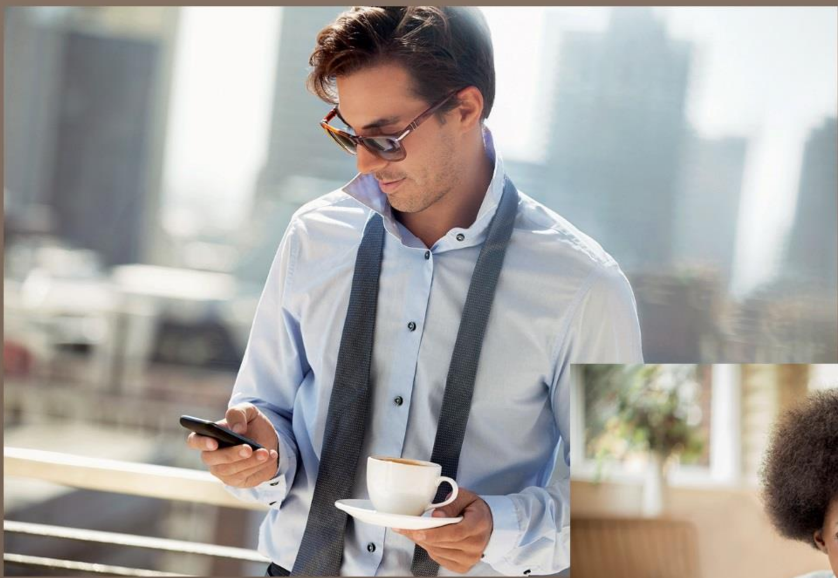
Half-year financial report

for the six months ended june 30, 2015



**Dalla pianta alla tazzina, Massimo Zanetti Beverage Group
è l'ambasciatore italiano del caffè nel mondo.**

MASSIMO ZANETTI
BEVERAGE GROUP

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Company Information

Massimo Zanetti Beverage Group S.p.A.

Registered Office
Viale G.G. Felissent, 53
31020 Villorba (Treviso)

Corporate Information
Share capital authorized Euro 34,300,000
Share capital subscribed and paid Euro 34,300,000

Tax ID / Company Registration / VAT No. 02120510371C

Company Officers

Board of Directors

Massimo Zanetti
President and CEO

Matteo Zanetti (**)
Director

Laura Zanetti (**)
Director

Massimo Mambelli
Director

Lawrence L. Quier
Director

Maria Pilar Arbona Palmeiro Goncalves Braga Pimenta (**)
Director

Josè Fernando Pinto dos Santos (*) (2) (4)
Director

Roberto H. Tentori (*) (2) (3)
Director

Annapaola Tonelli (*) (1) (4)
Director

(*) Independent Director pursuant to article 148, paragraph 3 of TUF and article 3 of the Code of Conduct

(**) Non-executive Director pursuant to article 2 of the Code of Conduct

(1) President of Nomination and Remuneration Committee
(2) Member of Nomination and Remuneration Committee
(3) President of Risk Management Committee
(4) Member of Risk Management Committee

Statutory Auditors

Pier Paolo Pascucci
President

Ermanno Era
Statutory Auditor

Maria Augusta Scagliarini
Statutory Auditor

Simona Gnudi
Supplementary Statutory Auditor

Franco Squizzato
Supplementary Statutory Auditor

Corporate Reporting Manager

Massimo Zuffi

Independent Auditors

PricewaterhouseCoopers S.p.A.

DISCLAIMER

The document includes certain information considered to be "forward-looking statements" which are statements of expectation or belief, and therefore are not historical fact. By their very nature, they involve inherent risks and uncertainties, both general and specific, because they depend on the occurrence of future events and developments outside of the control of the Company. Actual results could therefore differ materially from the plans, objectives, expectations, estimates and intentions expressed in the forward-looking statements. Forward-looking statements use information available as at the date on which they are made, therefore Massimo Zanetti Beverage Group S.p.A. does not undertake any obligation to update or revise any of them after that date, whether as a result of new information, future events or otherwise, other than as required by applicable laws or regulations. The forward-looking statements do not represent and should not be considered to constitute legal, accounting, tax or investment advice of any kind.

INTERIM MANAGEMENT REPORT

Introduction

With reference to the six months ended 30 June 2015, the financial information included in this report and the comments reported therein are intended to provide an overview of the financial position and results of operations, the relevant changes that occurred during the period, and the significant events that have occurred affecting the results of the period.

Overview

Massimo Zanetti Beverage Group S.p.A. (the "**Company**") and its subsidiaries (together referred to as the "**Group**" or "**MZB Group**") is an international player in the production and sale of roasted coffee. In support of the core business, the Group also produces and sells, or makes available for free, coffee machines and coffee equipment for use in the home, the workplace and professional offices. The Group also operates an international network of cafés, primarily under a franchise model. To complement the coffee product range, the Group sells certain selected regional products (primarily tea, cocoa and spices) and other food products (including sauces, sugar, chocolates and biscuits). Finally, the Group sells certain goods and services, such as green coffee, that are related to its core business.

The Group also sells roasted coffee and related products, primarily in the following three sales channels, which are monitored separately by management: i) Mass Market, ii) Foodservice and iii) Private Label.

Customers in the Mass Market are businesses which buy and sell food and drinks aimed at domestic consumption (typically local shops, chains of hyper and supermarkets, door-to-door sales operations and cash and carry outlets).

Customers in the Foodservice channel are businesses which buy and sell food and drinks for consumption outside the home environment (typically coffee shops, bars and cafés, restaurants, hotels, franchising chains, licensing chains, chains of road and highway service stations, on-board catering companies and also canteens, schools, hospitals, catering and vending machine companies).

Customers in the Private Label channel may be businesses from either the Mass Market or Foodservice channels that sell food and drinks produced and supplied by third parties under their own brands.

The Group operates mainly in Italy, the USA, France, Finland, Germany and Austria, and is also present, to a lesser extent, in the Netherlands, Poland, Portugal, Switzerland, Belgium, Czech Republic, Denmark, Greece, Hungary, Slovakia, Slovenia, United Kingdom, Estonia, Croatia, Brazil, Argentina, Chile, Costa Rica, Mexico, Japan, Australia, New Zealand, Thailand, Malaysia, United Arab Emirates and Singapore.

The structure of the Group is defined by product line, distribution channel and geographic area. However, top management periodically review the results to make decisions, allocate resources and define the strategy of the Group based on a single vision of the business, which, therefore, is represented by a single operating segment.

Results of operations

Forward

In addition to the financial indicators required by IFRS, this document presents certain alternative performance indicators ("Non-GAAP Measures"), which also provide useful and relevant information regarding the Group's financial position financial performance. However, these Non-GAAP Measures should not be considered a substitute for those indicators required by IFRS.

The Group's business, while not showing significant seasonal or cyclical fluctuations, is not perfectly uniform throughout the year. For that reason, the interim financial position and results of operations should not be considered representative of all or a portion of the full year.

Results of operations for the six months ended June 30, 2015 and 2014

The following table sets forth consolidated income statement for the six months ended June 30, 2015 and 2014:

	Six months ended June 30				Change	
(in thousands of Euro)	**2015**	**(*)**	**2014**	**(*)**	**2015-2014**	
Revenue	450,522	100.0%	349,153	100.0%	101,369	29.0%
Purchases of goods	(279,614)	-62.1%	(196,807)	-56.4%	(82,807)	42.1%
Gross Profit (1)	**170,908**	**37.9%**	**152,346**	**43.6%**	**18,562**	**12.2%**
Purchases of services, leases and rentals	(83,209)	-18.5%	(72,778)	-20.8%	(10,431)	14.3%
Personnel costs	(62,104)	-13.8%	(52,429)	-15.0%	(9,675)	18.5%
Other operating costs, net (2)	(2,842)	-0.6%	(763)	-0.2%	(2,079)	> 100%
Impairment (3)	(1,879)	-0.4%	(2,826)	-0.8%	947	-33.5%
EBITDA (1)	**20,874**	**4.6%**	**23,550**	**6.7%**	**(2,676)**	**-11.4%**
Non-recurring expense (4)	2,665	0.6%	-	0.0%	2,665	n.a.
Adjusted EBITDA (1)	**23,539**	**5.2%**	**23,550**	**6.7%**	**(11)**	**0.0%**
Depreciation and amortization (5)	(15,109)	-3.4%	(12,556)	-3.6%	(2,553)	20.3%
Operating profit	**5,765**	**1.2%**	**10,994**	**3.1%**	**(5,229)**	**-47.6%**
Net finance expense (6)	(4,346)	-1.0%	(3,742)	-1.1%	(604)	16.1%
Profit before tax	**1,419**	**0.2%**	**7,252**	**2.0%**	**(5,833)**	-80.4%
Income tax expense	(477)	-0.1%	(3,197)	-0.9%	2,720	-85.1%
Profit for the period from continuing operations	**942**	**0.1%**	**4,055**	**1.1%**	**(3,113)**	**-76.8%**
Loss for the period from discontinued operations	-	0.0%	(708)	-0.2%	708	-100.0%
Profit for the period	**942**	**0.1%**	**3,347**	**0.9%**	**(2,405)**	**-71.9%**

(*) Percentage of revenue

(1) For additional information refer to the Non-GAAP Measures section
(2) Includes other revenue and other operating costs
(3) Includes impairment of receivables
(4) Includes costs related to the IPO
(5) Includes depreciation of property, plant and equipment and investment properties and amortization of intangible assets
(6) Includes finance income and finance costs

Revenue

Revenue amounted to Euro 450,522 thousand for the six months ended June 30, 2015, an increase of Euro 101,369 thousand (29.0%) compared to the six months ended June 30, 2014. The increase is mainly due to:

- foreign currency exchange rate impact, which led to an increase in revenue on translation of financial statements of Group entities expressed in currencies other than the Euro, and in particular, those expressed in U.S. Dollars (11.9%);
- increase in the sales price of coffee and other (11.2%); and
- contribution to results of the Boncafe entities acquired in August 2014 (5.9%).

Excluding the contribution to results of Boncafe entities and the effect of the foreign exchange rate fluctuations, the increase in revenue is mainly due to the increase in the sale of roasted coffee, amounting to Euro 37,085 thousand (11.9%). The increase is mainly due to the combined effect of:

- increase in the sales price of roasted coffee, principally related to an increase in the sales price of green coffee, which led to an increase in revenues of 12.5%;
- a decrease of 0.5% in the volumes of roasted coffee sold, from 59.0 thousand tonnes for the six months ended June 30, 2015 compared to 59.3 thousand tonnes for the six months ended June 30, 2014, excluding the contribution of the Boncafe entities of 0.7 thousand tonnes. The decrease mainly relates to the Private Label channel in the USA (0.9 thousand tonnes) and a decrease in sales in Finland (0.4 thousand tonnes), which were partially offset by sales volume improvements in Italy, France and other countries (1.1 thousand tonnes).

The following table provides a breakdown of revenue for the six months ended June 30, 2015 and 2014, by sales channel:

	Six months ended June 30,				**Change**	
(in thousands of Euro)	**2015**	**(*)**	**2014**	**(*)**	**2015-2014**	
Mass Market	158,165	35.1%	126,344	36.2%	31,821	25.2%
Foodservice	91,424	20.3%	78,887	22.6%	12,537	15.9%
Private Label	170,403	37.8%	124,206	35.6%	46,197	37.2%
Other	30,530	6.8%	19,716	5.6%	10,814	54.8%
Total revenue	**450,522**	**100.0%**	**349,153**	**100.0%**	**101,369**	**29.0%**

(*) Percentage of revenue

The following table provides a breakdown of revenue for the six months ended June 30, 2015 and 2014, by geographical area:

	Six months ended June 30,				**Change**	
(in thousands of Euro)	**2015**	**(*)**	**2014**	**(*)**	**2015-2014**	
USA	223,384	49.6%	162,175	46.4%	61,209	37.7%
Italy	44,012	9.8%	41,772	12.0%	2,240	5.4%
France	48,713	10.8%	40,296	11.5%	8,417	20.9%
Finland	36,574	8.1%	33,178	9.5%	3,396	10.2%
Germany and Austria	20,537	4.6%	20,563	5.9%	(26)	-0.1%
Other countries	77,302	17.1%	51,169	14.7%	26,133	51.1%
Total revenue	**450,522**	**100.0%**	**349,153**	**100.0%**	**101,369**	**29.0%**

(*) Percentage of revenue

Gross Profit

Gross Profit amounted to Euro 170,908 thousand for the six months ended June 30, 2015, an increase of Euro 18,562 thousand (12.2%) compared to the six months ended June 30, 2014. The increase is mainly due to: *i)* the aforementioned impact of the Euro/USD foreign currency exchange rate (6.9%) and *ii)* the contribution to results of the Boncafe entities acquired in August 2014 (6.8%).

On a constant currency basis and consistent scope of consolidation, Gross Profit decreased Euro 2,365 thousand (-1.6%). The decrease is mainly due to the operations in Finland, which showed a decrease of 0.4 thousand tonnes (-8.3%) in the volume of roasted coffee sales and an increase in the average purchase price of green coffee that was only partially offset by the increase in the average sales price of roasted coffee.

EBITDA and Adjusted EBITDA

The following table provides a reconciliation between EBITDA and profit for the six months ended June 30, 2015 and 2014:

	Six months ended June 30				**Change**	
(in thousands of Euro)	**2015**	**(*)**	**2014**	**(*)**	**2015-2014**	
Profit for the period	942	0.2%	3,347	1.0%	(2,405)	71.9%
Loss for the period from discontinued operations	-	0.0%	708	0.2%	(708)	-100.0%
Income tax expense	477	0.1%	3,197	0.9%	(2,720)	-85.1%
Finance costs	4,440	1.0%	3,926	1.1%	514	13.1%
Finance income	(94)	0.0%	(184)	-0.1%	90	-48.9%
Depreciation and amortization (1)	15,109	3.3%	12,556	3.7%	2,553	20.3%
EBITDA (2)	**20,874**	**4.6%**	**23,550**	**6.8%**	**(2,676)**	**-11.4%**

(*) Percentage of revenue

(1) Includes depreciation of property, plant and equipment and investment properties and amortization of intangible assets

(2) For additional information refer to the Non-GAAP Measures section

The following table provides a reconciliation between EBITDA and Adjusted EBITDA for the six months ended June 30, 2015 and 2014:

	Six months ended June 30				**Change**	
(in thousands of Euro)	**2015**	**(*)**	**2014**	**(*)**	**2015-2014**	
EBITDA (1)	20,874	4.6%	23,550	6.7%	(2,676)	-11.4%
Expenses incurred in relation to the IPO	2,665	0.6%	-	0.0%	2,665	n.a.
***Adjusted EBITDA* (1)**	**23,539**	**5.2%**	**23,550**	**6.7%**	**(11)**	**0.0%**

(*) Percentage of revenue

(1) For additional information refer to the Non-GAAP Measures section

Adjusted EBITDA amounted to Euro 23,539 thousand for the six months ended June 30, 2015 and was substantially consistent with Euro 23,550 thousand for the six months ended June 30, 2014. The result is mainly due to the aforementioned factors effecting Gross Profit, and the combined effect of:

- the contribution to results of the Boncafe entities acquired in August 2014 (Euro 2,593 thousand);
- foreign currency exchange rate impact, which led to an increase in Adjusted EBITDA on translation of financial statements of Group entities expressed in currencies other than the Euro, and in particular, those expressed in U.S. Dollars (Euro 1,280 thousand);

- the aforementioned decrease in Gross Profit mainly due to operations in Finland (Euro 2,365 thousand); and
- an increase in operating costs (Euro 1,519 thousand), mainly due to costs incurred in France for the production and commercialization of coffee capsules compatible with other brands, which started in the second half of 2014 and is still in the start-up phase.

Operating profit

Operating profit amounted to Euro 5,765 thousand for the six months ended June 30, 2015, a decrease of Euro 5,229 thousand (-47.6%) compared to the six months ended June 30, 2014. The decrease is mainly due to:

- expenses incurred in relation to the IPO of Euro 2,665 thousand; and
- an increase in amortization of Euro 2,553 thousand, principally attributable to: *i)* the Boncafe entities acquired in August 2014 (Euro 1,013 thousand) and *ii)* the Euro/USD foreign currency exchange rate impact on translation of financial statements of Group entities with a U.S. Dollar functional currency (Euro 668 thousand).

Profit for the period

Profit for the period amounted to Euro 942 thousand for the six months ended June 30, 2015, a decrease of Euro 2,405 thousand (-71.9%) compared to the six months ended June 30, 2014. In addition to the factors effecting the decrease in operating profit, the decrease is also due to the combined effect of:

- a decrease in income tax expense of Euro 2,720 thousand (85.1%);
- an increase in finance costs of Euro 604 thousand, principally due to the increase in interest expense (Euro 1,623 thousand) related to long-term loans uses to finance the acquisition of the Boncafe entities, partially offset by the change in net gains from foreign currency exchange impact and income from the valuation of derivative contracts; and
- the impact in the six months ended June 30, 2014 of the loss from discontinued operations of Euro 708 thousand relating to the *green coffee* business, which was spun off from the Company effective as of December 1, 2014.

Reclassified statement of financial position

The following table shows the reclassified statement of financial position at June 30, 2015 and December 31, 2014:

(in thousands of Euro)	**As at June 30 2015**	**As at December 31 2014**
Investment:		
Intangible assets	117,128	108,435
Property, plant and equipment	210,978	203,226
Investment properties	4,473	4,525
Non-current trade receivables	14,545	15,079
Deferred tax assets and other non-current assets (2)	22,667	15,960
Non-current assets (A)	**369,791**	**347,225**
Net working capital (B) (1)	**178,355**	**142,418**
Employee benefits	(9,633)	(9,743)
Other non-current provisions	(2,439)	(2,291)
Deferred tax liabilities and other non-current liabilities (3)	(30,262)	(27,693)
Non-current liabilities (C)	**(42,334)**	**(39,727)**
Net invested capital (A+B+C) (1)	**505,812**	**449,916**
Sources:		
Total equity	284,712	206,575
Net financial indebtedness	221,100	243,341
Total sources of financing	**505,812**	**449,916**

(1) For additional information refer to the Non-GAAP Measures section
(2) Includes deferred tax assets, investments in joint venture and other non-current assets
(3) Includes deferred tax liabilities and other non-current liabilities

The following table shows the composition of Net Working Capital of the Group as at June 30, 2015 and December 31, 2014:

(in thousands of Euro)	**As at June 30 2015**	**As at December 31 2014**
Inventories	145,047	139,302
Trade receivables	118,438	119,903
Income tax assets	2,947	510
Other current assets (1)	17,294	18,450
Trade payables	(79,614)	(92,576)
Income tax liabilities	(1,536)	(2,084)
Other current liabilities	(24,221)	(41,087)
Net Working Capital (2)	**178,355**	**142,418**

(1) Other current assets excludes current financial receivables, which are included in Net Financial Indebtedness
(2) For additional information refer to the Non-GAAP Measures section

Total equity for the six months ended June 30, 2015 increased by Euro 78,137 thousand, principally related to the share capital raised in the IPO process (Euro 69,659 thousand, net of transaction costs) and comprehensive income for the period of Euro 9,688 thousand.

Reclassified cash flow statement

The following table shows the reclassified cash flow statement for the six months ended June 30, 2015 and 2014:

	Six months ended June 30	
(in thousands of Euro)	**2015**	**2014**
Adjusted EBITDA (1)	23,539	23,550
Changes in Net Working Capital (1)	(31,595)	(14,342)
Net recurring investments (2)	(14,732)	(13,997)
Income tax paid	(4,939)	(4,067)
Other operating items	(985)	2,829
Free Cash Flow (1)	**(28,712)**	**(6,027)**
Net non-recurring investments (3)	(6,294)	(2,885)
Interest paid	(4,816)	(3,351)
Net cash generated from financing activities	43,146	8,677
Net cash generated from discontinued operations	-	3,750
Exchange gains on cash and cash equivalents	443	66
Total net increase in cash and cash equivalents	**3,767**	**230**
Cash and cash equivalents at the beginning of the period	18,302	19,856
Cash and cash equivalents at the end of the period	**22,069**	**20,086**

(1) For additional information refer to the Non-GAAP Measures section
(2) Net recurring investments include purchases of property, plant and equipment and intangible assets, net of asset deal
(3) Net non-recurring investments include business combinations, asset deal and other minor items

Free Cash Flow amounted to negative Euro 28,712 thousand for the six months ended June 30, 2015, a decrease of Euro 22,685 thousand compared to the six months ended June 30, 2014. The decrease is mainly due to the net changes in Net Working Capital.

The following table shows the composition of the changes in Net Working Capital for the six months ended June 30, 2015 and 2014:

	Six months ended June 30	
(in thousands of Euro)	**2015**	**2014**
Increase in inventories	(13,026)	(13,576)
Decrease/(increase) in trade receivables	2,882	(5,859)
Decrease in trade payables	(3,096)	(148)
Changes in other assets/liabilities	(18,237)	5,413
Payments of employee benefits	(118)	(172)
Changes in Net Working Capital	**(31,595)**	**(14,342)**

The changes in Net Working Capital of negative Euro 31,595 thousand for the six months ended June 30, 2015 represent a decrease of Euro 17,253 thousand compared to the six months ended June 30, 2014. The decrease is mainly due to the changes in other net assets/liabilities relating to a decrease in advances from customers from 2015 to 2014, related principally to an important *Private Label* channel customer in the USA for green coffee purchases (Euro 14,133 thousand).

Net recurring investments amounted to Euro 14,732 thousand for the six months ended June 30, 2015, an increase of Euro 735 thousand compared to the six months ended June 30, 2014. The increase is mainly due to:

- purchases of property, plant and equipment amounting to Euro 1,214 thousand for the six months ended June 30, 2015 relating to the Boncafe entities acquired in August 2014;
- the Euro/USD foreign currency exchange rate impact on translation of financial statements of Group entities with a U.S. Dollar functional currency (Euro 903 thousand).

Net non-recurring investments amounted to Euro 6,294 thousand and Euro 2,885 thousand for the six months ended June 30, 2015 and 2014, respectively.

The cash flow used in the net non-recurring investments for the six months ended June 30, 2015 relate primarily to: *i)* payment of the price adjustment for the acquisition of the Boncafe entities for an amount of Euro 2,640 thousand, and *ii)* acquisition of Ceca S.A. assets for an amount of USD 4,200 thousand.

The cash flow used in the net non-recurring investments for the six months ended June 30, 2014 relate primarily to the acquisition of Espressoworkz Limited (now Segafredo Zanetti New Zealand Ltd) for an amount of Euro 2,423 thousand.

Net cash generated from financing activities increased from Euro 8,677 thousand for the six months ended June 30, 2014 to Euro 43,146 thousand for the six months ended June 30, 2015. The increase is mainly due to:

- cash collected in June 2015 following the increase in share capital as a result of the IPO process of the Company, amounting to Euro 69,659 thousand net of transaction costs;
- an early payment, in accordance with the contractual provisions of the related loan agreement, amounting to USD 81,100 thousand of a portion of the loan from Intesa San Paolo S.p.A. for the purchase of the Boncafe entities, which was made with the cash collected as a result of the Company’s public listing; and
- an increase in proceeds from borrowings of Euro 24,481 thousand in the six months ended June 30, 2015 compared to six months ended June 30, 2014.

Net financial indebtedness

The following table sets forth a breakdown of net financial indebtedness of the Group at June 30, 2015 and December 31, 2014, determined in accordance with the CONSOB communication dated July 28, 2006 and in compliance with the Recommendation ESMA/2013/319:

		As at June 30	As at December 31
(in thousands of Euro)		**2015**	**2014**
A	Cash and cash equivalents	(2,489)	(645)
B	Cash at bank	(19,580)	(17,657)
C	Securities held for trading	-	-
D	**Liquidity (A+B+C)**	**(22,069)**	**(18,302)**
E	**Current financial receivables**	**(428)**	**(592)**
F	Current loans	112,817	90,708
G	Current portion of non-current loans	26,472	23,038
H	Other current financial payables	1,504	2,758
I	**Current indebtedness (F+G+H)**	**140,793**	**116,504**
J	**Net current indebtedness (I+E+D)**	**118,296**	**97,610**
K	Non-current loans	102,296	131,757
L	Issued bonds	-	-
M	Other non-current financial payables	508	13,974
N	**Non-current indebtedness (I+E+D)**	**102,804**	**145,731**
O	**Net financial indebtedness (J+N)**	**221,100**	**243,341**
	of which due to third parties	*219,627*	*227,050*
	of which due to related parties	*1,473*	*16,291*

Net financial indebtedness amounted to Euro 221,100 thousand as at June 30, 2015, a decrease of Euro 22,241 thousand compared to December 31, 2014. The decrease is mainly due to the combined effect generated from:

- cash collected in June 2015 following the increase in share capital as a result of the IPO process, amounting to Euro 69,659 thousand net of transaction costs; which was only partially offset by
- negative Free Cash Flow of Euro 28,712 thousand for the six months ended June 30, 2015;
- net non-recurring investments of Euro 6,294 thousand for the six months ended June 30, 2015, relating principally to the payment of the price adjustment for the acquisition of the Boncafe entities and the acquisition of Ceca S.A. assets;
- interest paid of Euro 4,816 thousand for the six months ended June 30, 2015; and
- the Euro/USD foreign currency exchange rate impact.

Capital expenditure

The following table sets forth capital expenditure in business combinations, property, plant and equipment and intangible assets for the six months ended June 30, 2015 and 2014:

	Six months ended June 30	
(in thousands of Euro)	**2015**	**2014**
Business combinations	2,640	2,423
Property, plant and equipment	15,253	14,070
Intangible assets	4,054	434
Total capital expenditure	**21,947**	**16,927**

Business combinations

Amount to Euro 2,640 thousand and Euro 2,423 thousand for the six months ended June 30, 2015 and 2014, respectively, and relate to the payment of the price adjustment for the acquisition of the Boncafe entities in 2015 and the acquisition of Espressoworkz Limited (now Segafredo Zanetti New Zealand Ltd) in 2014.

Property, plant and equipment

Capital expenditure in property, plant and equipment for the six months ended June 30, 2015 relates principally to bar equipment and assets under construction, amounting to Euro 7,923 thousand and Euro 3,370 thousand, respectively, and include USD 700 thousand related to coffee roasting machinery and vehicles acquired from Ceca S.A.

Capital expenditure in property, plant and equipment for the six months ended June 30, 2014 relates principally to bar equipment and assets under construction, amounting to Euro 6,521 thousand and Euro 5,417 thousand, respectively.

Intangible assets

Capital expenditure in intangible assets for the six months ended June 30, 2015 relates principally to assets acquired from Ceca S.A., amounting to USD 3,500 thousand, and consist mainly of trademarks, brands and commercial information.

Capital expenditure in intangible assets for the six months ended June 30, 2014 relates principally to software and other intangible assets amounting to Euro 415 thousand.

Recent developments

In the months of February and June 2015, the Group signed contracts for a new joint partnership with TNPI, the leader in Asia in the *food & beverage* sector with a specialization in the *retail* and *coffee chain*, in order to develop its own network of franchised cafés through the opening of 50 stores in China and Hong Kong and 25 Segafredo Zanetti Espresso Café stores in South Korea within the next 5 years.

During the first quarter of 2015, Massimo Zanetti Beverage USA and Krispy Kreme, a global retailer of desserts and complementary beverages, signed a multi-year licensing agreement for the roasting and distribution of Krispy Kreme® Coffee in grocery stores, wholesalers and club shops in the USA.

In April 2015 the Group strengthened its position in Costa Rica with the acquisition of certain assets of the roasting and marketing of roasted coffee business of Ceca S.A. (part of the Neumann Gruppe GmbH), for an amount of USD 4,200 thousand.

As of June 3, 2015, the Company is listed on the STAR segment of the *Borsa Italiana*'s stock market (Mercato Telematico Azionario or MTA).

In June 2015 the Company made an early payment, in accordance with the contractual provisions of the related loan agreement, of a portion of the loan from Intesa San Paolo S.p.A. for the purchase of the Boncafe entities. The payment amounted to USD 81,100 and was made with the cash collected as a result of the Company's public listing.

Subsequent events

Please refer to Note 28 – Subsequent Events in the notes to the consolidated condensed interim financial statements at June 30, 2015.

Business outlook

Expectations relating to the Group's performance for the second half of 2015 are as follows:

- increase in the sales volume of roasted coffee due to the dynamic that has historically characterized the second half of the calendar year, confirmed by sales in July 2015 in which sales grew with respect to July 2014, and from new contracts signed in the *Private Label* channel;
- trend towards high margin revenue from the development and marketing of capsules and a focus on the *Foodservice* channel;
- pass through mechanism to customers, of changes in costs from the purchases of raw materials, principally in the *Foodservice* and *Mass Market* channels, which will have a positive effect on revenue;
- on the basis of forward purchases contracts entered into, the purchase price of green coffee will be less than the purchase price of coffee for the six months ended June 30, 2014.

The above factors will have a positive effect on the Group's capacity to absorb fixed costs, allowing for a growth trend consistent with the growth trend in the second half of 2014.

Non-GAAP Measures

Company management evaluates the performance of the Group using certain financial and operating indicators not required by IFRS (the "Non-GAAP Measures"). In particular, EBIDTA is used as a primary indicator of profitability, as it allows for the analysis of the Group by eliminating the effects of volatility associated with non-recurring items or items unrelated to ordinary operations.

In accordance with Communication CESR/05-178b, a description of the components of the Non-GAAP Measures used by management is provided below:

- Gross Profit is defined as the difference between revenue and purchases of goods;
- Gross Margin is defined as the ratio of Gross Profit to revenue;
- EBITDA is defined as the profit for the year adjusted to exclude amortization and depreciation, finance income and costs, income tax expense and loss for the year from discontinued operations
- EBITDA Margin is defined as the ratio of EBITDA to revenue;
- Adjusted EBITDA is defined as EBITDA adjusted for non-recurring items;
- Adjusted EBITDA Margin is defined as the ratio of Adjusted EBITDA to revenue;
- Net Working Capital is calculated as the sum of inventory, trade receivables, income tax assets and other current assets (excluding financial assets), net of trade payables, income tax liabilities and other current liabilities;
- Net Invested Capital is defined as the sum of non-current assets, non-current liabilities and Net Working Capital;

- Free Cash Flow is defined as the sum of EBITDA, changes in Net Working Capital, net recurring investments, income tax paid and other operating items.

Unusual transactions or events

No significant unusual transactions or events occurred during the period that effect the Group's financial position or results of operations.

Treasury shares

The Company does not possess treasury shares as at June 30, 2015, nor did it possess treasury shares at any time during the six months ended June 30, 2015, not even through a third party or trust company, and therefore, has not pursued purchase operations of such shares during the period.

Related party transactions

For details regarding related party transactions for the six months ended June 30, 2015, please refer to Note 27 – Related Party Transactions of the notes to the consolidated condensed interim financial statements at June 30, 2015.

In accordance with the regulations related to transactions with related parties adopted by Consob Resolution no 17221 of March 12, 2010 and subsequent amendments and additions, the Company has adopted the procedure governing related party transactions.

The aforementioned procedure was approved by the Board of Directors of the Company on July 15, 2014 and amended on August 28, 2015 with the approval of the independent directors.

The objective of the procedure is to ensure transparency and procedural correctness of transactions with related parties and is published on the Company website – www.mzb-group.com.

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2015

CONSOLIDATED CONDENSED INTERIM INCOME STATEMENT

		Six months ended June 30	
(in thousands of Euro)	**Note**	**2015**	**2014**
Revenue	**17**	450,522	349,153
Other income		2,884	2,174
Purchases of goods	**18**	(279,614)	(196,807)
Purchases of services, leases and rentals	**19**	(83,209)	(72,778)
Personnel costs	**20**	(62,104)	(52,429)
Other operating costs	**21**	(5,726)	(2,937)
Amortization, depreciation and impairment	**22**	(16,988)	(15,382)
Operating profit		**5,765**	**10,994**
Finance income	**23**	94	184
Finance costs	**23**	(4,440)	(3,926)
Profit before tax		**1,419**	**7,252**
Income tax expense	**24**	(477)	(3,197)
Profit for the period from continuing operations		**942**	**4,055**
Loss for the period from discontinued operations	**25**	-	(708)
Profit for the period		**942**	**3,347**
Profit attributable to*:*			
Non-controlling interests		*89*	*58*
Owners of the parent		*853*	*3,289*
Earnings per share basic / diluted (in Euro)	**26**	**0.03**	**0.12**
From continuing operations		*0.03*	*0.14*
From discontinued operations		-	*(0.02)*

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Six months ended June 30	
(in thousands of Euro)	**2015**	**2014**
Profit for the period	**942**	**3,347**
Remeasurements of employee benefit obligations	57	49
Gain/(losses) from cash flow hedges	(506)	1,119
Losses from net investment hedges	(3,685)	-
Currency translation differences	12,973	2,987
Items that may be subsequently reclassified to profit or loss	**8,839**	**4,155**
Total comprehensive income for the period	**9,781**	**7,502**
Comprehensive income attributable to non-controlling interests	93	64
Comprehensive income attributable to owners of the parent	**9,688**	**7,438**

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	Note	As at June 30 2015	As at December 31 2014
Intangible assets	**9**	117,128	108,435
Property, plant and equipment	**10**	210,978	203,226
Investment properties		4,473	4,525
Investments in joint venture		125	128
Non-current trade receivables	**11**	14,545	15,079
Deferred tax assets		16,798	10,311
Other non-current assets		5,744	5,521
Total non-current assets		**369,791**	**347,225**
Inventories		145,047	139,302
Trade receivables	**11**	118,438	119,903
Income tax assets		2,947	510
Other current assets		17,722	19,042
Cash and cash equivalents		22,069	18,302
Total current assets		**306,223**	**297,059**
Total assets		**676,014**	**644,284**
Share capital		34,300	28,000
Other reserves		134,112	62,754
Retained earnings		114,448	114,062
Equity attributable to owners of the parent		**282,860**	**204,816**
Non-controlling interests		1,852	1,759
Total equity	**12**	**284,712**	**206,575**
Non-current borrowings	**13**	102,804	145,731
Employee benefits	**14**	9,633	9,743
Other non-current provisions	**15**	2,439	2,291
Deferred tax liabilities		24,785	23,515
Other non-current liabilities		5,477	4,178
Total non-current liabilities		**145,138**	**185,458**
Current borrowings	**13**	140,793	116,504
Trade payables		79,614	92,576
Income tax liabilities		1,536	2,084
Other current liabilities	**16**	24,221	41,087
Total current liabilities		**246,164**	**252,251**
Total liabilities		**391,302**	**437,709**
Total equity and liabilities		**676,014**	**644,284**

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

(in thousands of Euro)	**Note**	**Six months ended June 30**	
		2015	**2014**
Profit before tax		**1,419**	**7,252**
Adjustments for:			
Depreciation, amortization and impairment	**22**	16,988	15,382
Provisions for employee benefits and other charges	**21**	224	128
Finance expense	**23**	4,346	3,742
Other non-monetary items		(423)	(125)
Net cash generated from operating activities before changes in working capital		**22,554**	**26,379**
Increase in inventory		(13,026)	(13,576)
Decrease/(increase) in trade receivables		2,882	(5,859)
Decrease in trade payables		(3,096)	(148)
(Increase)/decrease in other assets/liabilities		(18,237)	5,413
Payments of employee benefits		(118)	(172)
Interest paid	**23**	(4,816)	(3,351)
Income tax paid		(4,939)	(4,067)
Net cash (used in) generated from operating activities		**(18,796)**	**4,916**
Acquisition of subsidiary, net of cash acquired	**6**	(2,640)	(2,423)
Purchase of property, plant and equipment	**10**	(15,253)	(14,070)
Purchase of intangible assets	**9**	(4,054)	(434)
Proceeds from sale of property, plant and equipment	**10**	418	454
Proceeds from sale of intangible assets	**9**	328	53
Increase in financial receivables		(30)	(581)
Interest received		205	119
Net cash used in investing activities		**(21,026)**	**(16,882)**
Proceeds from borrowings	**13**	35,837	10,996
Repayment of borrowings	**13**	(81,175)	(5,937)
Increase in short-term loans	**13**	18,825	3,838
Proceeds from sale of shares	**12**	69,659	-
Dividends paid to non-controlling interests	**12**	-	(220)
Net cash generated from financing activities		**43,146**	**8,677**
Exchange gains on cash and cash equivalents		443	66
Net increase/(decrease) in cash and cash equivalents		**3,767**	**(3,520)**
Net cash used in operating activities of discontinued operations	**25**	-	(13,073)
Net cash used in investing activities of discontinued operations	**25**	-	(163)
Net cash generated from financing activities of discontinued operations	**25**	-	16,986
Net cash generated from discontinued operations		**-**	**3,750**
Total net increase in cash and cash equivalents		**3,767**	**230**
Cash and cash equivalents at the beginning of the period		18,302	19,856
Cash and cash equivalents at the end of the period		**22,069**	**20,086**

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

(in thousands of Euro)	Share capital	Other reserves	Retained earnings	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total
As at December 31, 2014	**28,000**	**62,754**	**114,062**	**204,816**	**1,759**	**206,575**
Profit for the period	-	-	853	853	89	942
Remeasurements of employee benefit obligations	-	-	53	53	4	57
Losses from cash flow hedges	-	(506)	-	(506)	-	**(506)**
Losses from net investment hedges	-	(3,685)	-	(3,685)	-	**(3,685)**
Currency translation differences	-	12,973	-	12,973	-	**12,973**
Total comprehensive income for the period	**-**	**8,782**	**906**	**9,688**	**93**	**9,781**
Shareholder transactions						
Increase in share capital, net of transaction costs	6,300	63,359	-	69,659	-	**69,659**
Other movements	-		(1,303)	(1,303)	-	**(1,303)**
Reclassifications	-	520	(520)	-	-	-
As at June 30, 2015	**34,300**	**135,415**	**113,145**	**282,860**	**1,852**	**284,712**

(in thousands of Euro)	Share capital	Other reserves	Retained earnings	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total
As at December 31, 2013	**28,000**	**57,297**	**130,450**	**215,747**	**3,261**	**219,008**
Profit for the period	-	-	3,289	3,289	58	**3,347**
Remeasurements of employee benefit obligations	-	-	43	43	6	**49**
Gains from cash flow hedges	-	1,119	-	1,119	-	**1,119**
Currency translation differences	-	2,987	-	2,987	-	**2,987**
Total comprehensive income for the period	**-**	**4,106**	**3,332**	**7,438**	**64**	**7,502**
Shareholder transactions						
Reclassifications	**-**	**2,125**	**(2,125)**	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	(220)	**(220)**
As at June 30, 2014	**28,000**	**63,528**	**131,657**	**223,185**	**3,105**	**226,290**

EXPLANATORY NOTES

1. General Information

Massimo Zanetti Beverage Group S.p.A. (the **“Company”**), a company established and domiciled in Italy, is organized and governed under the laws of the Republic of Italy. The registered offices of the Company are located in Viale Felissent, Villorba (Treviso). The Company is controlled by Massimo Zanetti Industries S.A. (**“MZ Industries”**) based in Luxembourg.

The Company and its subsidiaries (together referred to as the “**Group**”) operate in the coffee business. In particular, the Group manages numerous well-known international brands and a vast assortment of regional products, from coffee to tea, cocoa and spices.

As of June 3, 2015, the Company is listed on the STAR segment of the Borsa Italiana’s stock market (*Mercato Telematico Azionario* or MTA).

These consolidated condensed interim financial statements as at and for the six months ended June 30, 2015 (the ‘‘**Consolidated Condensed Interim Financial Statements**’’) have been prepared by the Company in accordance with the provisions of Article 154 ter paragraph 2 of Legislative Decree no. 58/98 T.U.F. and subsequent amendments and additions.

The Consolidated Condensed Interim Financial Statements have been prepared in accordance with IAS 34 – Interim Financial Reporting.

IAS 34 permits a significantly lower amount of information to be included in interim financial statements from what is required for annual financial statements by International Financial Reporting Standards issued by the International Accounting Standards Board and approved by the European Union, given that the entity has prepared financial statements compliant with IFRS for the previous financial year. The Consolidated Condensed Interim Financial Statements should be read in conjunction with the Group’s consolidated financial statements as at and for the year ended December 31, 2014 (“**Consolidated Financial Statements**”) which have been prepared in accordance with IFRS as adopted by the European Union.

The Consolidated Condensed Interim Financial Statements have been prepared in Euro, the functional currency of the Company. Unless otherwise indicated, all amounts included in this document are expressed in thousands of Euro.

The Consolidated Condensed Interim Financial Statements were subject to a limited review by PricewaterhouseCoopers SpA and were approved by the Board of Directors on August 28, 2015. The comparative numbers as at June 30, 2014 and for the six months then ended were not subject to independent auditor review procedures.

2. Accounting Policies

The accounting policies and principles used in the preparation of these Consolidated Condensed Interim Financial Statements are consistent with those used for the Group's Consolidated Financial Statements, and can be found described therein, and have been consistently applied to all periods presented.

No significant impacts have been identified as a result of the amendments to IFRS that are applicable to periods ended as at December 31, 2015.

The recognition of income taxes is based on the best estimate of the actual tax rate expected for the full financial year.

3. Conversion of Financial Statements in Currency other than Euro

The financial statements of subsidiaries are prepared in the currency of the primary economic area in which they operate. Financial statements presented in currencies other than the Euro are translated into Euro as follows:

- assets and liabilities are translated using the exchange rates applicable at the reporting date;
- revenues and expenditures are translated using the average exchange rate for the period; and
- the reserve for currency translation differences includes exchange differences generated by translating balances at a rate other than the closing rate, as well as those generated by translating opening equity at a rate other than the rate applicable at the reporting date.

The following exchange rates were used to translate non-Euro financial statements of subsidiaries:

Currency	Average exchange rate for the six months ended June 30		Exchange rate as at			
	2015	2014	June 30, 2015	December 31, 2014	June 30, 2014	December 31, 2013
US Dollar (USD)	1.12	1.37	1.12	1.21	1.37	1.38
Australian Dollar (AUD)	1.43	1.50	1.46	1.48	1.45	1.54
Japanese Yen (JYN)	134.16	140.40	137.01	145.23	138.44	144.72
Swiss Franc (CHF)	1.06	1.22	1.04	1.20	1.22	1.23
Brazilian Real (BRL)	3.31	3.15	3.47	3.22	3.00	3.26
British Pound (GBP)	0.73	0.82	0.71	0.78	0.80	0.83
Costa Rican Colon (CRC)	597.14	733.24	598.28	655.72	741.79	690.43
Argentine Peso (ARS)	9.84	10.74	10.17	10.28	11.11	8.99
Danish Crown (DKK)	7.46	7.46	7.46	7.45	7.46	7.46
Polish Zloty (PLZ)	4.14	4.18	4.19	4.27	4.16	4.15
Chilean Peso (CLP)	693.06	758.06	714.92	737.30	753.63	724.77
Czech Koruna (CSK)	27.50	27.44	27.25	27.74	27.45	27.43
Mexican Peso (MXN)	16.89	17.98	17.53	17.87	17.71	18.07
New Zealander Dollar (NZD)	1.51	1.61	1.65	1.55	1.56	n.a.
Singaporean Dollar (SGD)	1.51	n.a.	1.51	1.61	n.a.	n.a.
Thai Bhat (THB)	36.78	n.a.	37.80	39.91	n.a.	n.a.
United Arab Emirates Dinar (AED)	4.10	n.a.	4.11	4.46	n.a.	n.a.
Malaysian Ringgit (MYR)	4.06	n.a.	4.22	4.25	n.a.	n.a.
Vietnamese Dong (VND)	24,038.17	n.a.	24,421.50	25,972.10	n.a.	n.a.
Croatian Kuna (HRK)	7.63	n.a.	7.59	7.66	n.a.	n.a.
Hong Kong Dollar (HKD)	8.65	n.a.	8.67	9.42	n.a.	n.a.
Hungarian Forint (HUF)	307.42	307.00	314.93	315.54	309.30	297.04

4. Use of Estimates

The preparation of the Consolidated Condensed Interim Financial Statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities. Actual results may differ from these estimates and assumptions.

In preparing these Consolidated Condensed Interim Financial Statements, the significant estimates and assumptions made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those applied to the Consolidated Financial Statements.

5. Financial Risk Factors

The activities of the Group are exposed to the following risks: market risk (including in particular, interest rate risk, foreign exchange rate risk and price risk), credit risk, liquidity risk and capital risk.

The Consolidated Condensed Interim Financial Statements do not include all the information and notes on financial risk management required in the preparation of the Consolidated Financial Statements and they should be read in conjunction with the Consolidated Financial Statements.

There have been no changes in the risk management department or in any risk management policies since December 31, 2014.

Market risk

The Group is exposed to market risks associated with interest rates, exchange rates and green coffee prices.

There were no significant changes in the policies, strategies or instruments used to manage interest rate risk, exchange rate risk and green coffee prices since December 31, 2014.

Exchange rate risk

In order to reduce the exchange rate risk deriving from foreign currency denominated assets, liabilities and cash flows, the Group arranges forward contracts to hedge future cash flows denominated in currencies other than Euro. The maturities of outstanding forward contracts do not exceed 12 months. The instruments adopted by the Group satisfy the criteria necessary to be recognized in accordance with hedge accounting rules.

The notional value of forward contracts outstanding as at June 30, 2015 was Euro 19,297 thousand (Euro 14,239 thousand as at December 31, 2014). Forward contracts outstanding as at June 30, 2015 had a positive fair value of Euro 32 thousand (positive fair value of Euro 1,034 thousand as at December 31, 2014).

In order to reduce the exchange rate risk deriving from unfavorable movements in the rates of foreign exchange (in particular USD to Euro) at which net investments in overseas assets are translated, the Group makes use of non-derivative financial instruments.

Net investment hedges are accounted for in the same way as cash flow hedges. The nominal value of such USD denominated borrowings outstanding as at June 30, 2015 was Euro 1,430 thousand (Euro 68,116 thousand as at December 31, 2014), with losses on net investment hedges of Euro 5,083 thousand being charged to the comprehensive income statement.

Price risk of green coffee

The Group reduces risk deriving from fluctuations in the price of green coffee by entering into forward contracts for the purchase of green coffee that fix the price of expected future purchases. The expiry of such contracts is generally within a period of four months. For further details, see Note 25 - Related Party Transactions. For accounting purposes, changes in the fair value of such contracts are not disclosed when the “own use exemption” conditions apply.

The value of outstanding contractual obligations for which the own use exemption conditions apply amounted to Euro 81,846 thousand as at June 30, 2015 (Euro 90,574 thousand as at December 31, 2014).

Liquidity risk

Taking into account Note 12 – Current and Non-Current Borrowings, there were changes in the expected cash flows, in particular, non-current borrowings, compared to December 31, 2014.

During the six months ended June 30, 2015:

- the Company made an early payment amounting to USD 81,100 thousand of a portion of the loan from Intesa San Paolo S.p.A. for the purchase of the Boncafe entities, with the cash collected as a result of the Company's public listing;
- the Company signed three new long-term credit agreements for a total value of Euro 17,500 thousand and USD 3,000 thousand (please refer to Note 13 – Current and Non-Current Borrowings for further details);
- the Company assumed a loan from related party Doge S.p.A. ("Doge") with Banca Nazionale del Lavoro S.p.A., which is completely covered by an interest rate swap. The assumption of the loan resulted in the extinction of the original debt the Group owed to Doge through netting the fair value of the two related liabilities; and
- the Company obtained USD 17,470 thousand of a loan from BB&T, according to the option granted by the counterparty as part of the contractual changes defined in the month of December 2014.

The following table shows the cash flows expected in future years in relation to the financial liabilities outstanding as at June 30, 2015 and as at December 31, 2014:

As at June 30, 2015 *(in thousands of Euro)*	**Book Value**	**In 2015**	**2016-2019**	**Beyond 2019**
Long-term loans	128,768	17,170	114,235	12,556

As at December 31, 2014 *(in thousands of Euro)*	**Book Value**	**In 2015**	**2016-2019**	**Beyond 2019**
Long-term loans	154,795	30,293	111,283	40,293

As at June 30, 2015, the Group had credit lines available from various financial institutions, amounting to a total of Euro 203,312 thousand (Euro 195,425 thousand as at December 31, 2014). As at June 30, 2015, the unused balance of these credit lines amounted to Euro 100,524 thousand (Euro 109,851 thousand as at December 31, 2014).

Additionally, it is noted that:

- there are different sources of funding from various financial institutions;

- there is not a significant concentration of liquidity risk in terms of financial assets or sources of financing.

Fair value

The fair value of financial instruments listed in an active market is based on their market prices at the reporting date. The fair value of financial instruments not listed in an active market is determined using measurement techniques based on a series of methods and assumptions linked to market conditions at the reporting date.

The following table shows the fair value hierarchy for financial assets and liabilities that are measured at fair value on a recurring basis as at June 30, 2015 and December 31, 2014:

As at June 30, 2015 *(in thousands of Euro)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Derivatives on exchange rates	-	132	-	132
Total	**-**	**132**	**-**	**132**
Liabilities				
Derivatives on exchange rates	-	100		100
Derivatives on interest rates	-	3,509	-	3,509
Total	**-**	**3,609**	**-**	**3,609**

As at December 31, 2014 *(in thousands of Euro)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Derivatives on exchange rates	-	1,034	-	1,034
Total	**-**	**1,034**	**-**	**1,034**
Liabilities				
Derivatives on interest rates	-	2,235	-	2,235
Total	**-**	**2,235**	**-**	**2,235**

The fair value of financial instruments is classified in accordance with the following hierarchy:

Level 1: Fair value is determined with reference to the (unadjusted) listed prices in active markets of identical financial instruments.

Level 2: Fair value is determined using measurement techniques based on inputs observable in active markets.

Level 3: Fair value is determined using measurement techniques based on inputs that are not observable.

There were no transfers between levels for the six months ended June 30, 2015 or the year ended December 31, 2014. Similarly, there were no changes in the valuation techniques used. Transfers in the fair value hierarchy levels 2 and 3 are analyzed at each reporting date.

Valuation techniques used to derive Level 2 fair values

The fair value of derivative instruments in place as at June 30, 2015 and December 31, 2014 is measured in accordance with Level 2.

Financial instruments with a Level 2 fair value include derivatives that qualify for hedge accounting and other derivative instruments designed to reduce exposure to economic risks. Derivative instruments include forward foreign exchange contracts and interest rate swaps.

The fair value of forward foreign exchange contracts is determined using forward exchange rates quoted on active markets. The fair value of interest rate swaps is determined using a forward curve of interest rates based on market yield curves.

Trade receivables and other financial assets, trade payables, other payables and other financial liabilities, which are classified as current in the statement of financial position, are measured at amortized cost. The fair value of such assets and liabilities does not differ materiality from their carrying amounts as at June 30, 2015 and December 31, 2014, as they relate primarily to balances generated from normal operations that will be settled in the short term.

6. Seasonality

The Group’s business, while not showing significant seasonal or cyclical fluctuations, is not perfectly uniform throughout the year. For that reason, the interim financial position and results of operations should not be considered representative of all or a portion of the full year.

7. **Business combinations**

For the six months ended June 30, 2015

No business combinations were made in the six months ended June 30, 2015.

In August 2014 the Group acquired control of Boncafe, a group of 8 entities that operates in various countries in Southeast Asia as well as the United Arab Emirates. The final fair values of the net assets acquired will be determined in accordance with IFRS 3.

During the six months ended June 30, 2015, the Group adjusted the purchase price for the accounting variations for the period between January 1, 2014 and the date of acquisition, for an amount of USD 2,975 thousand.

For the six months ended June 30, 2014

In February 2014 the Group acquired Espressoworkz Limited (now Segafredo Zanetti New Zealand Ltd), a company based in Auckland, New Zealand that commercializes coffee and coffee machines throughout New Zealand.

8. Operating Segments

IFRS 8 defines an operating segment as a component of an entity: (i) that engages in business activities from which it may earn revenues and incur expenses; (ii) whose operating results are reviewed regularly by the entity's chief operating decision maker; and (iii) for which discrete financial information is available. For the purposes of IFRS 8, the Group has a single operating segment.

Details of revenue by product line, distribution channel and geographical area are provided in Note 15 - Revenue.

9. Intangible Assets

The following table sets forth the movements in intangible assets for the six months ended June 30, 2015:

(in thousands of Euro)	**Goodwill**	**Trademarks, licenses, and similar**	**Customer related assets**	**Software and other immaterial assets**	**Total**
As at December 31, 2014	**83,639**	**19,787**	**1,845**	**3,164**	**108,435**
Of which:					
- historical cost	*83,639*	*21,667*	*2,883*	*17,001*	***125,190***
- accumulated depreciation	-	*(1,880)*	*(1,038)*	*(13,837)*	***(16,755)***
Additions		3,672		382	**4,054**
Disposals				(53)	**(53)**
Amortization		(432)	(63)	(644)	**(1,139)**
Exchange differences	4,842	557	157	275	**5,831**
As at June 30, 2015	**88,481**	**23,584**	**1,939**	**3,124**	**117,128**
Of which:					
- historical cost	*88,481*	25,875	3,128	16,314	***133,798***
- accumulated depreciation		(2,291)	(1,189)	(13,190)	***(16,670)***

Intangible assets amounted to Euro 117,128 thousand as at June 30, 2015 (Euro 108,435 thousand as at December 31, 2014), an increase of Euro 8,693 thousand, which was mainly driven by exchange rate differences of Euro 5,831 thousand.

In April 2015, the Company acquired assets of Ceca S.A. (company in Costa Rica that is part of the Neumann Gruppe GmbH) for a total consideration of USD 4,200 thousand. The amount included in additions to intangible assets for the six months ended June 30, 2015 relates to trademarks, brands and commercial information for an amount of USD 3,500 thousand. The remaining balance of USD 700 thousand relates to coffee roasting machinery and vehicles and is recorded within property, plant and equipment.

Additions to intangible assets for the six months ended June 30, 2014 amounted to Euro 2,651 thousand and relate principally to goodwill recognized on the acquisition of Espressoworkz Ltda. (now Segafredo Zanetti New Zealand Ltd) for an amount of Euro 2,217 thousand.

At June 30, 2015, no impairment indicators were identified and consequently, no impairment tests were performed.

10. Property, Plant and Equipment

The following table sets forth the movements in property, plant and equipment for the six months ended June 30, 2015:

(in thousands of Euro)	**Land and buildings**	**Plant and machinery**	**Industrial and commercial equipment and other assets**	**Bar equipment**	**Asset under construction**	**Total**
As at December 31, 2014	**82,347**	**58,898**	**20,150**	**39,503**	**2,328**	**203,226**
Of which:						
- historical cost	112,169	122,153	63,483	138,260	2,328	***438,393***
- accumulated depreciation	(29,822)	(63,255)	(43,333)	(98,757)	-	***(235,167)***
Additions	78	2,302	1,580	7,923	3,370	**15,253**
Disposals	(2)	(1)	(77)	(167)	-	**(247)**
Depreciation	(1,876)	(2,840)	(2,522)	(6,680)	-	**(13,918)**
Reclassifications	94	1,027	434	30	(1,585)	-
Exchange differences	1,824	3,869	350	464	157	**6,664**
As at June 30, 2015	**82,465**	**63,255**	**19,915**	**41,073**	**4,270**	**210,978**
Of which:						
- historical cost	114,017	127,636	63,988	136,154	4,270	***446,065***
- accumulated depreciation	(31,552)	(64,381)	(44,073)	(95,081)	-	***(235,087)***

Bar equipment includes coffee machines, grinders and company-branded products. Bar equipment is generally provided free of charge to customers in the *Foodservice* channel (mainly in Italy, France, Germany and Austria) for marketing purposes aimed at maintaining customer loyalty.

Additions to property, plant and equipment for the six months ended June 30, 2014 amounted to Euro 14,728 and related principally to bar equipment and assets under construction amounting to Euro 6,521 thousand and Euro 5,417 thousand, respectively.

11. Current and Non-Current Trade Receivables

The following table sets forth a breakdown of current and non-current trade receivables as at June 30, 2015 and December 31, 2014:

	As at June 30,	**As at December 31,**
(in thousands of Euro)	**2015**	**2014**
Trade receivables and other receivables	137,950	138,759
Provision for impairment of trade receivables	(19,512)	(18,856)
Trade receivables and other receivables of discontinued operations	-	-
Total trade receivables	**118,438**	**119,903**
Non-current trade receivables and other receivables from customers	20,022	20,025
Non-current provision for impairment of trade receivables	(5,477)	(4,946)
Total non-current trade receivables	**14,545**	**15,079**
Total current and non-current trade receivables	**132,983**	**134,982**

The following table sets forth the movements in the provision for impairment of trade receivables:

(in thousands of Euro)	**Provision for impairment of trade receivables**	**Non-current provision for impairment of trade receivables**
As at December 31, 2014	**18,856**	**4,946**
Accruals	806	1,073
Utilizations	(553)	(542)
Exchange differences	403	-
As at June 30, 2015	**19,512**	**5,477**

12. Equity

Share capital

At June 30, 2015, issued and fully paid share capital of the Company amounted to Euro 34,300 thousand (Euro 28,000 thousand at December 31, 2014) and relates to 34,300,000 ordinary shares without nominal value.

The increase in share capital amounting to Euro 6,300 thousand relates to the Company’s listing on the STAR segment of the Borsa Italiana’s stock market (Mercato Telematico Azionario or MTA) on June 3, 2015 and the subsequent issue and sale of 6,300,000 new ordinary shares.

Other reserves and retained earnings

Other reserves and retained earnings are detailed as follow:

(in thousands of Euro)	*Legal reserve*	*Statutory reserve*	*Share premium reserve*	*Revaluation reserve*	*Cash flow hedge reserve*	*Net investment hedge*	*Translation reserve*	**Other reserves**	**Retained earnings**
As at December 31, 2014	**3,742**	**50,744**	**-**	**11,414**	**536**	**(6,745)**	**3,063**	**62,754**	**114,062**
Remeasurements of employee benefit obligations	-	-	-	-	-	-	-	-	**76**
Tax on remeasurements of employee benefit obligations	-	-	-	-	-	-	-	-	**(23)**
Cash flow hedge: fair value losses in the period	-	-	-	-	*(995)*	-	-	**(995)**	-
Tax on fair value gains in the period from cash flow hedges	-	-	-	-	*489*	-	-	**489**	-
Currency translation differences	-	-	-	-	-	-	*12,973*	**12,973**	-
Net investment hedge: losses in the period	-		-	-	-	(5,083)	-	**(5,083)**	-
Tax on losses in the period from net investment hedge	-	-	-	-	-	1,398	-	**1,398**	-
Other movements	-	-	-	-	-	-	-	-	**(1,303)**
Share capital premium, net of transaction costs	-	-	63,359	-	-	-	-	**63,359**	-
Profit for the period	-	-	-	-	-	-	-	-	**853**
Reclassifications	*26*	*494*	-	-	-	-	-	**520**	**(520)**
As at June 30, 2015	**3,768**	**51,238**	**63,359**	**11,414**	**30**	**(10,430)**	**16,036**	**135,415**	**113,145**

(in thousands of Euro)	*Legal reserve*	*Statutory reserve*	*Share premium reserve*	*Revaluation reserve*	*Cash flow hedge reserve*	*Net investment hedge*	*Translation reserve*	*Other reserves*	**Retained earnings**
As at December 31, 2013	***3,636***	***61,211***	**-**	***11,414***	***(587)***	**-**	***(18,377)***	**57,297**	**130,450**
Remeasurements of employee benefit obligations	-	-	-	-	-	-	-	-	**57**
Tax on remeasurements of employee benefit obligations	-	-	-	-	-	-	-	-	**(14)**
Cash flow hedge: fair value gains in the period	-	-	-	-	*1,665*	-	-	**1,665**	-
Tax on fair value gains in the period from cash flow hedges	-	-	-	-	*(546)*	-	-	**(546)**	-
Currency translation differences	-	-	-	-	-	-	*2,987*	**2,987**	-
Profit for the period	-	-	-	-	-	-	-	-	**3,289**
Reclassifications	*107*	*2,018*	-	-	-	-	-	**2,125**	**(2,125)**
As at June 30, 2014	***3,743***	***63,229***	**-**	***11,414***	***532***	**-**	***(15,390)***	**63,528**	**131,657**

The share premium reserve, amounting to Euro 63,359 thousand as at June 30, 2015, is recorded net of transaction costs related to the share capital increase in conjunction with the public listing of the Company, in the amount of Euro 3,421 thousand (net of taxes) and in accordance with IAS 32. The remaining costs related to the public listing for an amount of Euro 2,665 thousand have been recorded in other operating costs.

13. Current and Non-Current Borrowings

The following tables set forth a breakdown of current and non-current borrowings as at June 30, 2015 and December 31, 2014:

As at June 30, 2015 *(in thousands of Euro)*	**Less than 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Long-term borrowings	26,472	89,804	12,492	128,768
Short-term borrowings	101,314	-	-	101,314
Advances from factor and banks	11,503	-	-	11,503
Loans from related parties	1,473	-	-	1,473
Finance lease liabilities	31	253	255	539
Total current and non-current borrowings	**140,793**	**90,057**	**12,747**	**243,597**

As at December 31, 2014 *(in thousands of Euro)*	**Less than 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Long-term borrowings	23,038	91,177	40,58	154,795
Short-term borrowings	77,550	-	-	77,55
Advances from factor and banks	13,158	-	-	13,158
Loans from related parties	2,728	13,563	-	16,291
Finance lease liabilities	30	256	155	441
Total current and non-current borrowings	**116,504**	**104,996**	**40,735**	**262,235**

The following table provides details of the main loans in place, analyzed between Euro and USD denominated loans, as at June 30, 2015 and December 31, 2014:

Interest rate	Year	Initial principal amount	As at June 30, 2015	As at December 31, 2014
		(in thousands)	(in thousands)	
denominated in Euro				
Euribor 6M + 4.95%	2013	24,000	17,886	20,849
Euribor 6M + 3.00%	2013	20,000	12,923	13,930
Euribor 3M + 3.50%	2013	12,000	8,577	9,715
Euribor 6M + 2.50%	2011	15,000	6,730	7,960
Euribor 6M + 3.00%	2013	20,000	6,453	6,965
Euribor 3M + 3.375%	2014	5,000	3,814	4,397
Euribor 3M + 4.50%	2014	5,000	2,917	3,750
Euribor 6M + 2.30%	2015	20,000*	12,308	-
Euribor 6M + 1.25%	2015	5,000	5,000	-
Euribor 6M + 1.25%	2009	12,000	11,667	-
Other borrowings			1,242	1,425
		subtotal	**89,517**	**68,991**
denominated in USD				
Libor 3M +2,5% / + 4,25%	2014	82,700	1,430	67,476
Libor 1M + 2,75%	2014	22,718	35,108	18,328
6,5% / 7,5%	2015	3,000	2,713	-
Libor 6M +1,45%	2005	15,000	-	-
		subtotal	**39,251**	**85,804**
Total long-term borrowings			**128,768**	**154,795**

(*) The principal amount of the loan is Euro 20,000 thousand, of which Euro 12,500 thousand was drawn as at June 30, 2015.

The Group's loan contracts during the periods under examination require compliance with certain operational covenants and financial covenants, as well as negative pledges, which are considered standard international practices for such agreements.

These covenants and negative pledges are constantly monitored by Group management and were complied with as at June 30, 2015 and December 31, 2014.

In June 2015 the Company made an early payment, in accordance with the contractual provisions of the related loan agreement, of a portion of the loan from Intesa San Paolo S.p.A. for the purchase of the Boncafe entities. The payment amounted to USD 81,100 thousand and was made with the cash collected as a result of the Company's public listing.

In the six months ended June 30, 2015, the Group entered into three long-term financing agreements with the following financial institutions:

- Unicredit – entered into on March 17, 2015 for a principal amount of Euro 20,000 thousand (of which Euro 15,000 thousand was drawn as at June 30, 2015) and with a maturity date of June 30, 2021;
- Credito Emiliano – entered into on March 18, 2015 for a principal amount of Euro 5,000 thousand and with a maturity date of March 18, 2018;
- BAC San Jose – entered into on March 24, 2015 for a principal amount of USD 3,000 thousand and with a maturity date of April 24, 2023, the funds of which will be used to finance the acquisition of Ceca S.A. Please refer to Note 9 – Intangible assets for further details.

In the six months ended June 30, 2015, the Company obtained USD 17,470 thousand of a loan from BB&T, according to the option granted by the counterparty as part of the contractual changes defined in the month of December 2014.

The following table reports the long-term debt by variable and fixed rates of interest and by currency Euro and USD denominated loans:

(in thousands of Euro and percentages)	**As at June 30, 2015**	**As at December 31, 2014**
Principal amount of long-term debt		
- at variable rate	126,763	156,118
- at fixed rate	2,681	-
Notional amount of derivatives on interest rates	56,452	49,618
Long-term debt converted at fixed rate	46%	32%
Remaining portion of long-term debt at variable rate	54%	68%
Long-term debt denominated in Euro	70%	45%
Long-term debt denominated in USD	30%	55%

Interest rate swaps, which are entered into to reduce the exposure to changes in interest rates as a result of which the Group swaps floating rate interest into fixed rates, do not comply with the requirements of hedge accounting in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

Advances from factors and banks

Advances from factors and banks relate to advances received from factors or other credit institutions in relation to trade receivables assigned during the year that do not satisfy the criteria established for the de-recognition of the financial asset.

Loans from related parties

Please refer to Note 27 – Related Party Transactions for further details of loans from related parties.

Net financial indebtedness

The following table sets forth a breakdown of net financial indebtedness of the Group as at June 30, 2015 and December 31, 2014, determined in accordance with the CONSOB communication dated July 28, 2006 and in compliance with the Recommendation ESMA/2013/319:

	As at June 30	**As at December 31,**
(in thousands of Euro)	**2015**	**2014**
Cash in hand and other cash equivalent	(2,489)	(645)
Cash at bank	(19,580)	(17,657)
Securities held for trading	-	-
Liquidity (A+B+C)	**(22,069)**	**(18,302)**
Current financial receivables	**(428)**	**(592)**
Current loans	112,817	90,708
Current portion of non-current loans	26,472	23,038
Other current financial payables	1,504	2,758
Current indebtedness (F+G+H)	**140,793**	**116,504**
Net current indebtedness (I+E+D)	**118,296**	**97,610**
Non-current loans	102,296	131,757
Issued bonds	-	-
Other non-current financial payables	508	13,974
Non-current indebtedness (K+L+M)	**102,804**	**145,731**
Net financial indebtedness (J+N)	**221,100**	**243,341**
of which due to third parties	*219,627*	*227,050*
of which due to related parties	*1,473*	*16,291*

14. Employee Benefits

Employee benefits include the provision for termination indemnities (TFR) for employees of Group entities in Italy.

Employee benefits are detailed as follows in the statement of financial position as at June 30, 2015 and December 31, 2014:

	As at June 30,	**As at December 31,**
(in thousands of Euro)	**2015**	**2014**
Employee benefits	9,633	9,743

Employee benefits are detailed as follows in the income statement:

	For the six months ended June 30,	
(in thousands of Euro)	**2015**	**2014**
Service costs	35	121
Interest costs	53	67
Total	**88**	**188**

Should the US subsidiary decide to leave the multi-employer plan, the Company may still be required to make contributions to cover the benefits already earned. Based on the information available, the liability on ceasing membership of the plan would amount to approximately Euro 9,384 thousand. This amount is not reflected in the Consolidated Financial Statements since management does not consider it to be a probable event.

15. Other Non-Current Provisions

The following table sets forth a breakdown of other non-current provisions:

(in thousands of Euro)	**Provision for agents' termination indemnities**	**Provisions for other charges**	**Total**
As at December 31, 2014	**1,681**	**610**	**2,291**
Accruals	47	345	**392**
Utilizations	-	-	**-**
Releases	(49)	(156)	**(205)**
Exchange rate differences	(10)	(29)	**(39)**
As at June 30, 2015	**1,669**	**770**	**2,439**

As a result of the fact that the Group operates globally in a range of businesses, it is exposed to various legal risks. In particular, on June 8, 2010, the Group was sanctioned Euro 3,400 thousand by the German anti-trust authority (*Bundeskartellamt*) for alleged illegal price-fixing practices, a case that is currently under appeal. A negative outcome of the appeal process would result in the Group having to pay unaccrued costs, which would negatively affect the Group's financial position and results.

16. Other Current and Non-Current Liabilities

The following table sets forth a breakdown of other current and non-current liabilities:

	As at June 30,	**As at December 31,**
(in thousands of Euro)	**2015**	**2014**
Non-current derivatives on interest rates	3,421	1,863
Non-current financial guarantee contracts	1,568	1,568
Other	488	747
Total other non-current liabilities	**5477**	**4,178**
Payables to personnel	8,131	7,309
Payables to social security institutions	4,431	4,274
Other tax payables	4,137	4,208
Current financial guarantee contracts	1,729	1,729
Advances from customers	1,930	15,900
Payables to agents	1,570	1,271
Current derivatives on exchange rates	100	-
Current derivatives on interest rates	88	372
Other	2,105	6,024
Total other current liabilities	**24,221**	**41,087**

Please refer to Note 5 – Fair Value for further details regarding liabilities related to derivative instruments.

Financial guarantee contracts, the current portion of which is included among other current liabilities, relate to financial guarantees (in the form of discounted bills of exchange) issued in favor of Claris Factor S.p.A. in relation to loans provided by the latter to Group customers. Such guarantees are part of a broader business arrangement with customers, and in particular with bars in Italy. As at June 30, 2015, total loans made to customers by Claris Factor which are covered by Group guarantees amounted to Euro 18,716 thousand (Euro 19,112 thousand as at December 31, 2014). The Group monitors repayment of loans covered by such guarantees to evaluate and manage its exposure.

Advances from customers totaling Euro 1,930 thousand at June 30, 2015 (Euro 15,990 thousand at December 31, 2014) decreased by Euro 13,970 thousand relating mainly to advances from an important *Private Label* customer in the USA for green coffee purchases.

17. Revenue

The following table sets forth a breakdown of revenue:

	Six months ended June 30,	
(in thousands of Euro)	**2015**	**2014**
Sales of roasted coffee	397,583	310,354
Sales of regional and other food related products	22,409	19,083
Sales of coffee machines	17,522	7,303
Revenue from cafes	5,865	4,255
Other revenue	7,143	8,158
Total revenue	**450,522**	**349,153**

The following table sets forth a breakdown of revenue by distribution channel:

	Six months ended June 30,	
(in thousands of Euro)	**2015**	**2014**
Mass Market	158,165	126,344
Foodservice	91,424	78,887
Private Label	170,403	124,206
Other	30,530	19,716
Total revenue	**450,522**	**349,153**

The following table sets forth a breakdown of revenue by geographic area:

	Six months ended June 30,	
(in thousands of Euro)	**2015**	**2014**
USA	223,384	162,175
Italy	44,012	41,772
France	48,713	40,296
Finland	36,574	33,178
Germany and Austria	20,537	20,563
Other countries	77,302	51,169
Total revenue	**450,522**	**349,153**

18. Purchases of Goods

The following table sets forth a breakdown of purchases of goods:

	Six months ended June 30,	
(in thousands of Euro)	**2015**	**2014**
Purchases of raw materials	204,594	145,725
Purchases of finished goods	40,084	29,506
Purchases of packaging and other	34,936	21,576
Total purchases of goods	**279,614**	**196,807**

19. Purchases of Services, Leases and Rentals

The following table sets forth a breakdown of purchases of services, leases and rentals:

	Six months ended June 30,	
(in thousands of Euro)	**2015**	**2014**
Advertising and promotion	19,520	15,536
Transportation costs	13,078	10,769
Agent commissions and other	9,464	9,143
Maintenance, repair and support	6,558	6,304
Leases and rentals	7,412	6,696
Utilities	7,121	5,914
Travel expenses and fuel	4,471	5,563
Consultancy and collaborations	4,339	4,151
Temporary workers	2,406	1,382
Insurance	1,462	1,211
Outsourced processing	1,881	1,324
Other services	5,497	4,785
Total purchases of services, leases and rentals	**83,209**	**72,778**

20. Personnel Costs

The following table sets forth a breakdown of personnel costs:

	Six months ended June 30,	
(in thousands of Euro)	**2015**	**2014**
Wages and salaries	50,003	41,260
Social security contributions	8,666	8,240
Directors' fees	1,669	1,322
Contributions to pension funds	761	563
Other personnel-related costs	1,005	1,044
Total personnel costs	**62,104**	**52,429**

21. Other Operating Costs

The following table sets forth a breakdown of other operating costs:

	Six months ended June 30,	
(in thousands of Euro)	**2015**	**2014**
Indirect taxes and levies	1,624	1,605
Other costs	1,248	1,325
Accruals / (releases) of provisions	189	7
Costs associated with IPO	2,665	-
Total other operating costs	**5,726**	**2,937**

Other operating costs include Euro 2,665 thousand associated with the Company's IPO and not related to the increase in share capital.

22. Amortization, Depreciation and Impairment

The following table sets forth a breakdown of amortization, depreciation and impairment:

	Six months ended June 30,	
(in thousands of Euro)	**2015**	**2014**
Depreciation of property, plant and equipment	13,918	11,950
Amortization of intangible assets	1,139	554
Depreciation of investment property	52	52
Allowances for doubtful accounts	1,879	2,826
Total	**16,988**	**15,382**

23. Finance Income and Costs

The following table sets forth a breakdown of finance income and costs:

	Six months ended June 30,	
(in thousands of Euro)	**2015**	**2014**
Interest expense	4,844	3,221
Net foreign exchange gains	(1,173)	(19)
Net fair value gains on derivative financial instruments	(523)	(188)
Other finance costs	1,292	912
Total finance costs	**4,440**	**3,926**
Interest income	(94)	(184)
Total net finance costs	**4,346**	**3,742**

24. Income Tax Expense

The following table sets forth a breakdown of income tax expense for the six months ended June 30, 2015 and 2014:

	Six months ended June 30,	
(in thousands of Euro)	**2015**	**2014**
Current income tax	2,536	2,398
Deferred income tax	(2,059)	799
Total income tax expense	**477**	**3,197**

The following table provides details of the income tax impact of hedges in the comprehensive statement of income for the six months ended June 30, 2015 and 2014:

	Six months ended June 30,	
(in thousands of Euro)	**2015**	**2014**
Tax impact of net investment hedge	1,398	-
Tax impact of cash flow hedge	489	(546)
Tax impact of remeasurements on employee benefits obligations	(23)	(14)
Total impact of hedges	**1,864**	**(560)**

25. Loss from Discontinued Operations

Losses from discontinued operations were nil for the six months ended June 30, 2015 (Euro 708 thousand for the six months ended June 30, 2014).

Such losses for the six months ended June 30, 2014 include losses relating to the green coffee business and are shown separately as a result of the spin-off, which took effect on December 1, 2014.

26. Earnings per Share

The following table provides details of earnings per share:

	Six months ended June 30,	
(in thousands of Euro, unless otherwise specified)	**2015**	**2014**
Average number of ordinary shares	28,939,779	28,000,000
Profit attributable to owners of the parent company:	853	3,289
of which profit for the period from continuing operations	*853*	*3,997*
of which losses for the period from discontinued operations	-	(708)
Earnings per share / diluted (in Euro):	**0,03**	**0,12**
from continuing operations	*0,03*	*0,14*
from discontinued operations	-	*(0,02)*

Basic earnings per share and diluted earnings per share were the same for the six months ended June 30, 2015 and 2014 as there were no dilutive options or other potentially dilutive ordinary shares.

27. Related Party Transactions

Related parties are recognized in accordance with IAS 24. Related party transactions are mainly of a commercial and financial nature and are conducted under normal market terms and conditions; there is however, no guarantee that had similar transactions been entered into between or with third parties, such third parties would have negotiated or entered into the contracts under the same conditions or in the same manner.

The transactions with related parties described below result in benefits arising from the use of common services and shared competencies, Group-level synergies and common policy and strategy in financial matters. In particular, for the six months ended June 30, 2015 and the year ended December 31, 2014, related party transactions were entered into in the following areas:

- purchase and sale of green coffee;
- provision of professional and other services;
- issue of loans and guarantees; and
- management of shared services.

The Group has entered into transactions with the following related parties:

- MZ Industries or Mr. Massimo Zanetti who directly or indirectly control the Company ("**Controlling Parties**")**;**
- Entities that are controlled directly or indirectly by MZ Industries or Mr. Massimo Zanetti ("**Entities under Common Control**"); and
- Group directors with strategic responsibilities and, in particular, members of the Board of Directors ("**Key Management**").

The following table shows the income statement effects of related party transactions for the six months ended June 30, 2015 and 2014, as well as the statement of financial position balances resulting from related party transactions by financial statement line item as at June 30, 2015 and December 31, 2014:

(in thousands of Euro)	**Controlling Parties**	**Entities under Common Control**	**Key Management**	**Total related parties**	**Financial statements line item**	**Percentage of financial statements line item**
Impact of transactions on income statement						
Revenue						
Six months ended June 30, 2015	-	72	-	**72**	450,522	**0.0%**
Six months ended June 30, 2014	-	937	-	**937**	349,153	**0.3%**
Purchases of goods						
Six months ended June 30, 2015	-	113,536	-	**113.536**	279,614	**40.6%**
Six months ended June 30, 2014	-	73,604	-	**73,604**	196,807	**37.4%**
Services, leases and rentals						
Six months ended June 30, 2015	-	99	-	**99**	83,209	**0.1%**
Six months ended June 30, 2014	-	2,574	-	**2.574**	72,778	**3.5%**
Personnel costs						
Six months ended June 30, 2015	-	-	1,777	**1,777**	62,104	**2.9%**
Six months ended June 30, 2014	-	-	1,122	**1,122**	52,429	**2.1%**
Finance income						
Six months ended June 30, 2015	-	-	-	**-**	94	**0.0%**
Six months ended June 30, 2014	-	86	-	**86**	184	**46.7%**
Finance costs						
Six months ended June 30, 2015	-	347	-	**347**	4,440	**7.8%**
Six months ended June 30, 2014	-	-	-	**-**	3,926	**0.0%**
Impact of transactions on financial position						
Trade receivables						
Balance as at June 30, 2015	-	534	-	**534**	118,438	**0.5%**
Balance as at December 31, 2014	-	561	-	**561**	119,903	**0.5%**
Other current assets						
Balance as at June 30, 2015	3,225	54	-	**3,279**	17,722	**18.5%**
Balance as at December 31, 2014	3,193	82	-	**3,275**	19,042	**17.2%**
Non-current borrowings						
Balance as at June 30, 2015	-	-	-	**-**	102,804	**0.0%**
Balance as at December 31, 2014	-	13,563	-	**13,563**	145,731	**9.3%**
Current borrowings						
Balance as at June 30, 2015	-	1,473	-	**1,473**	140,793	**1.0%**
Balance as at December 31, 2014	959	1,769	-	**2,728**	116,504	**2.3%**
Trade payables						
Balance as at June 30, 2015	-	13,642	-	**13,642**	79,614	**17.1%**
Balance as at December 31, 2014	-	23,365	-	**23,365**	92,576	**25.2%**

The following table shows certain other information, resulting from related party transactions, as at June 30, 2015 and December 31, 2014:

(in thousands of Euro)	Controlling Parties	Entities under Common Control	Key Management	Total related parties	Total	Percentage of Total
Other information						
Guarantees						
Balance as at June 30, 2015	-	49,000	-	**49,000**	74,322	**65.9%**
Balance as at December 31, 2014	-	79,357	-	**79,357**	98,469	**80.6%**
Committments						
Balance as at June 30, 2015	-	78,934	-	**78,934**	81,846	**96.4%**
Balance as at December 31, 2014	-	84,645	-	**84,645**	90,574	**93.5%**

Controlling Parties

The following table shows the statement of financial position balances resulting from transactions between the Group and the Controlling Parties by financial statement line item as at June 30, 2015 and December 31, 2014:

(in thousands of Euro)	MZ Industries	Mr. Zanetti	Total Controlling Parties	Financial statements line item	Percentage of financial statements line item
Impact of transactions on income statement					
Other current assets					
Balance as at June 30, 2015	3,225	-	**3,225**	17,722	**16.3%**
Balance as at December 31, 2014	3,193	-	**3,193**	19,042	**16.8%**
Current borrowings					
Balance as at June 30, 2015	-		**-**	140,793	**0.0%**
Balance as at December 31, 2014	-	959	**959**	116,504	**0.8%**

MZ Industries

Transactions between the Group and MZ Industries include a recharge of Group costs totaling Euro 3,193 thousand plus VAT as at June 30, 2015 (Euro 3,193 thousand as at December 31, 2014) to MZ Industries, in relation to: i) costs of travel services provided by Kaupè Aviation Ltd (Euro 2,192 thousand); and ii) transaction costs incurred during the acquisition of Boncafe entities (Euro 1,001 thousand).

Mr. Zanetti

Transactions between the Group and Mr. Zanetti relate to loans, repayable on demand, which were repaid in full during the six months ended June 30, 2015 (Euro 959 thousand at December 31, 2014).

Entities under Common Control

The following table shows the income statement effects of transactions with Entities under Common Control for the six months ended June 30, 2015 and 2014, as well as the statement of financial position balances resulting from transactions with Entities under Common Control by financial statement line item for and at June 30, 2015 and December 31, 2014:

(in thousands of Euro)	**Cofiroasters SA**	**Other entities *Green Coffee***	**Doge SpA**	**Doge Finland OY**	**Kaupè Aviation Ltd**	**Hotel Cipriani**	**Other**	**Total Entities under Common Control**	**Financial statements line item**	**Percentage of financial statements line item**
Impact of transactions on income statement										
Revenue										
Six months ended June 30, 2015	-	-	12	-	-	4	56	**72**	450,522	**0.0%**
Six months ended June 30, 2014	482	347	9	-	-	4	95	**937**	349,153	**0.3%**
Purchases of goods										
Six months ended June 30, 2015	109,546	3,990	-	-	-	-	-	**113,536**	279,614	**40.6%**
Six months ended June 30, 2014	70,990	2,614	-	-	-	-	-	**73,604**	196,807	**37.4%**
Services, leases and rentals										
Six months ended June 30, 2015	-	-	33	-	-	52	14	**99**	83,209	**0.1%**
Six months ended June 30, 2014	-	-	38	1,211	1,308	1	16	**2,574**	72,778	**3.5%**
Finance income										
Six months ended June 30, 2015	-	-	-	-	-	-	-	**-**	94	**0.0%**
Six months ended June 30, 2014	-	-	86	-	-	-	-	**86**	184	**46.7%**
Finance costs										
Six months ended June 30, 2015	13	-	334	-	-	-	-	**347**	4,440	**7.8%**
Six months ended June 30, 2014	-	-	-	-	-	-	-	**-**	3,926	**0.0%**
Impact of transactions on statement of financial position										
Trade receivables										
Balance as at June 30, 2015	-	-	-	-	-	96	438	**534**	118,438	**0.5%**
Balance as at December 31, 2014	-	-	29	-	-	100	432	**561**	119,903	**0.5%**
Other current assets										
Balance as at June 30, 2015	-	-	-	-	-	-	54	**54**	17,722	**0.3%**
Balance as at December 31, 2014	-	-	-	-	-	-	82	**82**	19,042	**0.4%**
Non-current borrowings										
Balance as at June 30, 2015	-	-		-	-	-	-	-	102,804	**0.0%**
Balance as at December 31, 2014	-	-	13,563	-	-	-	-	**13,563**	145,731	**9.3%**
Current borrowings										
Balance as at June 30, 2015	-	-	1,473	-	-	-	-	**1,473**	140,793	**1.0%**
Balance as at December 31, 2014	607	-	1,162	-	-	-	-	**1,769**	116,504	**1.5%**
Trade payables										
Balance as at June 30, 2015	11,384	2,251	-	-	-	-	7	**13,642**	79,614	**17.1%**
Balance as at December 31, 2014	22,305	830	230	-	-	-	-	**23,365**	92,576	**25.2%**

The following table shows certain other information, resulting from transactions with Entities under Common Control, as at June 30, 2015 and December 31, 2014:

(in thousands of Euro)	**Cofiroasters SA**	**Doge SpA**	**Holding**	**Subsidiaries**	**Total Entities under Common Control**	**Total**	**Percentage of total**
Other information							
Guarantees							
Balance as at June 30, 2015	-	-	24,000	25,000	**49,000**	74,322	**65.9%**
Balance as at December 31, 2014	26,357	28,000	-	25,000	**79,357**	98,469	**80.6%**
Commitments							
Balance as at June 30, 2015	78,934	-	-	-	**78,934**	119,536	**96.4%**
Balance as at December 31, 2014	84,645	-	-	-	**84,645**	90,574	**93.5%**

Cofiroasters S.A. and other green coffee companies

(a) Management fees and royalties

Management fees, earned mainly from Cofiroasters S.A., relate to services provided by the Group to related parties. The nature of the services provided are set out in service agreements with the various related parties and include support, assistance and coordination in relation to sales and production activities and also in relation to the management and implementation of trademarks and other rights owned by the Group. Group management also provides assistance to related parties in the preparation of internal reporting and in the management of human resources. Following the exit of the green coffee business, the aforementioned contract was terminated by mutual consent as of December 31, 2014 *(b) Purchase of green coffee from Cofiroasters S.A.*

Cofiroasters S.A. purchases green coffee from producers and sells it to both to Group entities and to other customers (mainly through purchase and sale on the New York and London coffee commodity markets) and organizes the transport of green coffee from production locations to destination ports or directly to roasting plants.

Group purchases of green coffee from Cofiroasters S.A. are based on individual orders placed by individual Group entities as required by the "*European contract for Coffee*" as adopted by the *European Coffee Federation*.

Group purchases of green coffee from related parties accounts for raw material costs included in "Purchases of goods" totaling Euro 109,546 thousand for the six months ended June 30, 2015 (Euro 70,990 thousand for the six months ended June 30, 2014).

(c) Current loan from Cofiroasters S.A.

During the six months ended June 30, 2015, full repayment was made relating to the remaining part of USD denominated, payable on demand, short term loans granted by Cofiroasters S.A. to Massimo Zanetti Beverage S.A.; such loans earned interest at 5% per annum (amount outstanding of Euro 607 thousand as at December 31, 2014).

Borrowing costs paid by the Group for such loans during the six months ended June 30, 2015 amounted to Euro 13 thousand.

(d) Guarantees granted in favor of Cofiroasters S.A.

The Group and Massimo Zanetti Beverage S.A. have issued guarantees and comfort letters (substantially comparable to guarantee deposits), to certain banks in favor of Cofiroasters S.A., in relation to credit lines granted by the banks to Cofiroasters S.A. In April 2015, such guarantees were taken over by MZ Industries, fully releasing the Group and Massimo Zanetti Beverage S.A. (guarantees outstanding of Euro 26,357 thousand as at December 31, 2014).

(e) Commitments to purchase green coffee from Cofiroasters S.A.

In order to mitigate risks relating to the price of green coffee, Group entities make forward purchases of green coffee thereby fixing the price of future purchases. Commitments to purchase green coffee from Cofiroasters S.A. not reflected in the financial statements (off-balance sheet items) as at June 30, 2015 totaled Euro 78,934 thousand (Euro 84,645 thousand as at December 31, 2014).

Doge S.p.A.

(a) Lease and purchase of property

Segafredo Zanetti S.p.A. leases certain warehouse properties under agreements with the related party Doge S.p.A. for which lease charges of Euro 38 thousand were recorded during the six months ended June 30, 2015 (Euro 38 thousand for the six months ended June 30, 2014).

On December 29, 2014, Segafredo Zanetti S.p.A. acquired the shop/warehouse part of the property it had previously leased from Doge S.p.A. for a consideration of Euro 850 thousand (based on the report of a third party appraiser), of which Euro 230 thousand was paid during the six months ended June 30, 2015.

On May 14, 2015, Segafredo Zanetti S.p.A. paid in advance an amount of Euro 100 thousand to Doge for the acquisition of a building in Udine, Italy, of a total purchase price of Euro 300 thousand based on a third-party appraisal. The remaining balance will be paid upon execution of the deed of sale.

(b) Corporate bonds held to maturity, issued by Doge S.p.A.

On November 20, 2009, Segafredo Zanetti S.p.A. underwrote an issue of Doge S.p.A. corporate bonds for an amount of Euro 10,000 thousand, representing 10,000 corporate bonds with a nominal value of Euro 1,000 each. The loan earned interest at the official European Central Bank reference rate on January 1 each year plus 0.66%. Interest was payable in annual installments and the bonds were to mature in January 2015. On September 25, 2014 the Board of Directors declared the bonds immediately redeemable.

The loan was settled during 2014 through the offset of receivable and payable balances.

(c) Non-current financial receivable due from Doge S.p.A.

On October 10, 2011, Segafredo Zanetti S.p.A. granted a line of credit totaling Euro 1,500 thousand to Doge S.p.A. Utilization of the line of credit is charged at 5.00% per annum with reimbursement on demand. Subsequently, on October 21, 2013, the line of credit was increased to Euro 3,000 thousand on the same conditions.

The related receivable was settled during 2014 through the offset of receivable and payable balances.

(d) Current financial receivable due from Doge S.p.A.

On June 12, 2013, Massimo Zanetti Beverage S.A. granted a loan repayable on demand totaling Euro 1,500 thousand to Doge S.p.A; the loan earned interest at 2.85% per annum, reviewed on a quarterly basis.

The related receivable was settled during 2014 through the offset of receivable and payable balances.

The corporate bonds issued by Doge and the aforementioned loans to Doge generated financial income totaling Euro 86 thousand for the six months ended June 30, 2014.

(e) Loan from Doge S.p.A.

On February 23, 2009, Doge Finland Oy and Doge S.p.A. entered into an agreement governed by Finnish law, under which Doge S.p.A. granted a loan to Doge Finland Oy of Euro 20,000 thousand at a fixed interest rate of 7.26% and maturity date of February 23, 2024.

On April 24, 2015, the Company, Doge S.p.A. and Doge Finland Oy signed an agreement for the transfer of a receivable under which Doge S.p.A. sold to the Company, without recourse, their remaining receivable of Euro 14,619 thousand relating to a loan granted by Doge S.p.A. to Doge Finland Oy for a consideration equal to the face value of the receivable sold. The consideration paid was Euro 12,097 thousand, by assumption by the Company of the entire outstanding amount of Doge S.p.A. to Banca Nazionale del Lavoro S.p.A. and assumption of an interest rate swap contract previously signed by Doge S.p.A. to hedge against the risk related to changes in interest rates. Under the agreement for the sale of the receivable, the remaining amount of Euro 2,522 thousand is to be paid by 31 December 2015.

The balance of outstanding debt payable to Doge amounted to Euro 1,473 thousand as at June 30, 2015.

The interest payable generated on the loan prior to April 24, 2015 amounted to Euro 334 thousand.

(f) Bank guarantee granted in favor of Banca Nazionale del Lavoro S.p.A. on behalf of di Doge S.p.A.

As foreseen by the terms of a contract entered into between Doge S.p.A. and the Milan branch of Fortis Bank S.A./N.V., on January 22, 2009, the Group provided a guarantee of up to Euro 4,000 thousand in relation to the obligations of Doge S.p.A., which was subsequently taken over by Banca Nazionale del Lavoro S.p.A. The guarantee was extinguished during the six months ended June 30, 2015

(g) Mortgage created by Doge Finland Oy in favor of Banca Nazionale del Lavoro S.p.A.

As foreseen by the terms of a contract entered into between Doge S.p.A. and the Milan branch of Fortis Bank S.A./N.V., on January 22, 2009, Doge Finland Oy created a mortgage over land and buildings situated in Vallila Paahtimo - Aleksis Kiven Katu 15, Helsinki, Finland, as guarantee up to a maximum of Euro 24,000 thousand against the obligations of Doge S.p.A. As a result of the assumption of the loan previously mentioned in paragraph (e) above, this guarantee serves all obligations of the Company.

Doge Finland Oy

Meira Oy leases the property where its headquarters and production facilities are located under an agreement entered into in 2008 with Doge Finland Oy, a company that it acquired in 2014. The relevant lease charges for the six months ended June 30, 2015 were Euro 1,211 thousand.

Kaupè Aviation Ltd

The Group makes use of transport and travel services provided by Kaupè Aviation Ltd, the cost of which was Euro 1,308 thousand for the six months ended June 30, 2015.

Hotel Cipriani

Segafredo Zanetti S.p.A. was accredited as official partner of the hotel in the coffee business for the 2015/2016 biennium. On February 18, 2015, Hotel Cipriani Asolo Srl (a company wholly owned by Mr. Massimo Zanetti) and Segafredo Zanetti S.p.A. signed a sponsorship contract for the biennium 2015/2016, which provides for the payment by Segafredo Zanetti S.p.A. for sponsorship services provided by Hotel Cipriani Asolo Srl, for a consideration of Euro 200 thousand plus VAT. A similar contract was in place between the parties for the 2013/2014 period. In relation to the contact, an amount of Euro 50 thousand was recorded within purchases of services for the six months ended June 30, 2015.

In addition, Segafredo Zanetti S.p.A. has a coffee distribution contract with Hotel Cipriani. In accordance with such contract, Segafredo Zanetti S.p.A. paid an advance of Euro 100 thousand to Hotel Cipriani. The amount recorded was Euro 92 thousand at June 30, 2015 (Euro 93 thousand at December 31, 2014).

Subsidiaries

The Group has provided guarantees in favor of banking institutes on behalf of Group companies. These include:

- a guarantee in favor of BNP Paribas, in the amount of Euro 1,000 thousand at June 30, 2015 (Euro 1,000 thousand at December 31, 2014), in relation to the obligations of Segafredo Zanetti Portugal S.A. under the loan contract entered into by the latter with BNP Paribas on July 25, 2013; and
- a guarantee first granted on November 29, 2005 and subsequently renewed on May 13, 2013, in favor of Société Européenne Generale, in the amount of Euro 24,000 thousand at June 30, 2015 (Euro 24,000 thousand at December 31, 2014) in relation to the obligations of Massimo Zanetti Beverage S.A. under the loan contract entered into between the latter, the Group and Société Européenne Generale on November 9, 2005.

Key Management

Key Management include members of the Company's Board of Directors who also carry out executive roles within other Group entities.

Key Management compensation amounted to Euro 1,777 thousand and Euro 1,122 thousand for the six months ended June 30, 2015 and 2014, respectively.

28. Subsequent Events

No significant subsequent events were identified.

List of companies included in the Consolidated Condensed Interim Financial Statements

Company	Location	Reporting date	Share capital		Percentage held as at	
			Currency	Amount (/000)	June 30, 2015	December 31, 2014
Massimo Zanetti Beverage S.A.	Geneva	December 31	CHF	149,900	100%	100%
Segafredo Zanetti S.p.A.	Bologna	December 31	EUR	38,800	100%	100%
La San Marco S.p.A.	Gorizia	December 31	EUR	7,000	90%	90%
Segafredo Zanetti Sarl	Geneva	December 31	CHF	20	100%	100%
Segafredo Zanetti Argentina S.A.	Buenos Aires	December 31	ARS	4,913	100%	100%
Segafredo Zanetti Australia Pty Ltd.	Sydney	December 31	AUD	4,400	100%	100%
Segafredo Zanetti Austria Gmbh	Salisburgo	December 31	EUR	727	100%	100%
Segafredo Zanetti Belgium S.A.	Brussels	December 31	EUR	892	100%	100%
Segafredo Zanetti (Brasil) Com. distr. de Cafè S.A.	Belo Horizonte	December 31	BRL	16,479	100%	100%
Segafredo Zanetti Chile S.A.	Santiago	December 31	CLP	25,000	100%	100%
Segafredo Zanetti Coffee System S.p.A.	Treviso	December 31	EUR	6,000	100%	100%
Segafredo Zanetti CR spol.sro	Prague	December 31	CSK	9,300	100%	100%
Segafredo Zanetti Danmark Aps	Copenhagen	December 31	DKK	141	100%	100%
Segafredo Zanetti Deutschland Gmbh	Munich	December 31	EUR	1,534	100%	100%
Segafredo Zanetti Espresso Texas Inc.	Houston	December 31	USD	-	100%	100%
Segafredo Zanetti Espresso Worldwide U.S.A. Inc.	Houston	December 31	USD	250	-	-
Segafredo Zanetti Espresso Worldwide Ltd.	Geneva	December 31	CHF	38,000	98%	98%
Segafredo Zanetti Espresso Worldwide Japan Inc.	Tokyo	December 31	YEN	100,000	98%	98%
Segafredo Zanetti Worldwide Italia S.p.A.	Treviso	December 31	EUR	7,150	-	-
Segafredo Zanetti France S.A.S.	Rouen	December 31	EUR	8,500	100%	100%
Segafredo Zanetti Hellas S.A.	Athens	December 31	EUR	950	100%	100%
Segafredo Zanetti Hungaria KFT	Budapest	December 31	HUF	46,630	100%	100%
Tiktak/Segafredo Zanetti Nederland BV	Groningen	December 31	EUR	18	100%	100%
Segafredo Zanetti Poland Sp.z.o.o.	Bochnia	December 31	PLN	47,615	100%	100%
Segafredo Zanetti Portugal S.A.	Porto	December 31	EUR	570	100%	100%
Segafredo Zanetti SR Spol S.r.o.	Bratislava	December 31	EUR	200	100%	100%
Segafredo Zanetti Trgovanje s kavo. d.o.o.	Ljubljana	December 31	EUR	651	100%	100%
Beneficio La Eva S.A.	Sarchì	December 31	USD	3,600	-	-
Bon Café S.A.	San Pedro Sula	December 31	USD	1,150	-	-
Brodie Merlose Drysdale & CO Ltd.	Edinburgh	December 31	GBP	11	100%	100%
Brulerie des Cafés Corsica SAS	Ajaccio	December 31	EUR	152	100%	100%
Cofiroasters S.A.	Geneva	December 31	CHF	1,500	-	-
Distribuidora Cafè Montaña S.A.	San Jose	December 31	CRC	304,000	100%	100%
El Barco Herrumdrado S.A.	San Jose	December 31	CRC	10	100%	100%
Fazendas Nossa Senhora da Guia S.A.	Piumhi	December 31	BRL	18,093	-	-
Massimo Zanetti Beverage U.S.A. Inc.	Suffolk	December 31	USD	67,891	100%	100%
Meira Eesti Oü	Tallin	December 31	EUR	15	100%	100%
Meira Oy Ltd.	Helsinki	December 31	EUR	1,000	100%	100%
M.Z. Empreendimentos e Partecipacoes Ltda	Piumhi	December 31	BRL	18,823	-	-
Armazèns Gerais Ltda	Piumhi	December 31	BRL	4	-	-
Nossa Senhora da Guia Exportadora de Cafè	Piumhi	December 31	BRL	3,306	-	-
Santa Laura Exportadora de Café S.L.E.C. S.A.	Sarchì	December 31	CRC	10	-	-
Puccinos Worldwide Ltd	Edinburgh	December 31	GBP	-	100%	100%
Massimo Zanetti Beverage Mexico SA de CV	Mazatlán	December 31	MXN	1,806	50%	50%
MZB Cafes USA Inc	Suffolk	December 31	USD	-	100%	100%
Kauai Coffee Company LLC	Hawaii	December 31	USD	-	100%	100%
Massimo Zanetti Beverage Food Services LLC	Wilmington	December 31	USD	-	100%	100%
Chiappa G. & Sons Ltd	Merthyr Tydfil	December 31	GBP	-	-	-
Coffee Care (South West) Ltd	Weddmore	December 31	GBP	-	50%	50%
Segafredo Zanetti New Zealand Ltd	Auckland	December 31	NZD	-	100%	100%

Segafredo Zanetti Croatia d.o.o.	Zagreb	December 31	HRK	1,850	100%	100%
Doge Finland Oy	Helsinki	December 31	EUR	3	100%	100%
Massimo Zanetti Beverage Vietnam Company Ltd	Ben Cat district - Binh Duong	December 31	VND	21,000,000	100%	100%
Segafredo Zanetti (Thailand) Ltd	Bangkok	December 31	THB	15,300	100%	100%
Boncafe International Pte Ltd	Singapore	December 31	SGD	3,200	100%	100%
Boncafe (Cambodia) Ltd	Phnom Penh	December 31	KHR	108,000	100%	100%
Boncafe (M) Sendirian Berhad	Kuala Lumpur	December 31	MYR	200	100%	100%
Boncafe (East Malaysia) Sdn Bhd	Kota Kinabalu	December 31	MYR	-	100%	100%
Six Degrees Cafè Pte Ltd	Singapore	December 31	SGD	-	100%	100%
BeanToCup (Thailand) Ltd	Bangkok	December 31	THB	4,000	100%	100%
Boncafe Middle East Co LLC	Dubai	December 31	AED	300	100%	100%
Boncafe (Thailand) Ltd	Bangkok	December 31	THB	150,000	100%	100%
Massimo Zanetti Beverage (Thailand) Ltd	Bangkok	December 31	THB	30,000	100%	100%
Boncafe (Hong Kong) Ltd	Hong Kong	December 31	USD	100	100%	100%
SZE Service SRL	Municipiul Brasov	December 31	RON	1	51%	-

Consolidated Condensed Interim Income Statement in accordance with Consob Resolution no. 15519 of July 27, 2006

	Six months ended June 30			
(in thousands of Euro)	**2015**	***Of which related parties***	**2014**	***Of which related parties***
Revenue	450,522	72	349,153	937
Other income	2,884		2,174	
Purchases of goods	(279,614)	(113,536)	(196,807)	(73,604)
Purchases of services, leases and rentals	(83,209)	(99)	(72,778)	(2,574)
Personnel costs	(62,104)	(1,777)	(52,429)	(1,122)
Other operating costs	(5,726)		(2,937)	
Amortization, depreciation and impairment	(16,988)		(15,382)	
Operating profit	**5,765**		**10,994**	
Finance income	94	-	184	86
Finance costs	(4,440)	(347)	(3,926)	-
Profit before tax	**1,419**		**7,252**	
Income tax expense	(477)		(3,197)	
Profit for the period from continuing operations	**942**		**4,055**	
Loss for the year from discontinued operations	-		(708)	
Profit for the period	**942**		**3,347**	
Profit attributable to:				
Non-controlling interests	*89*		*58*	
Owners of the parent	*853*		*3,289*	
Earnings per share basic / diluted (in Euro)	**0,03**		**0,12**	
From continuing operations	*0,03*		*0,14*	
From discontinued operations	-		*(0,02)*	

Consolidated Condensed Interim Statement of Financial Position in accordance with Consob Resolution no. 15519 of July 27, 2006

	As at June 30,		As at December 31,	
(in thousands of Euro)	**2015**	***Of which related parties***	**2014**	***Of which related parties***
Intangible assets	117,128		108,435	
Property, plant and equipment	210,978		203,226	
Investment properties	4,473		4,525	
Investments in joint venture	125		128	
Non-current trade receivables	14,545		15,079	
Deferred tax assets	16,798		10,311	
Other non-current assets	5,744		5,521	
Total non-current assets	**369,791**		**347,225**	
Inventories	145,047		139,302	
Trade receivables	118,438	534	119,903	561
Income tax assets	2,947		510	
Other current assets	17,722	3,279	19,042	3,275
Cash and cash equivalents	22,069		18,302	
Total current assets	**306,223**		**297,059**	
Total assets	**676,014**		**644,284**	
Share capital	34,300		28,000	
Other reserves	135,415		62,754	
Retained earnings	113,145		114,062	
Equity attributable to owners of the parent	**282,860**		**204,816**	
Non-controlling interests	1,852		1,759	
Total equity	**284,712**		**206,575**	
Non-current borrowings	102,804		145,731	13,563
Employee benefits	9,633		9,743	
Other non-current provisions	2,439		2,291	
Deferred tax liabilities	24,785		23,515	
Other non-current liabilities	5,477		4,178	
Total non-current liabilities	**145,138**		**185,458**	
Current borrowings	140,793	1,473	116,504	2,728
Trade payables	79,614	13,642	92,576	23,365
Income tax liabilities	1,536		2,084	
Other current liabilities	24,221		41,087	
Total current liabilities	**246,164**		**252,251**	
Total liabilities	**391,302**		**437,709**	
Total equity and liabilities	**676,014**		**644,284**	

Consolidated Condensed Interim Cash Flow Statement in accordance with Consob Resolution no. 15519 July 27, 2006

	Six months ended June 30			
(in thousands of Euro)	**2015**	***Of which related parties***	**2014**	***Of which related parties***
Profit before tax	**1,419**		**7,252**	
Adjustments for:				
Depreciation, amortization and impairment	16,988		15,382	
Provisions for employee benefits and other charges	224		128	
Finance expense	4,346	347	3,742	(86)
Other non-monetary items	(423)		(125)	
Net cash generated from operating activities before changes in working capital	**22,554**		**26,379**	
Increase in inventory	(13,026)		(13,576)	
Decrease/(increase) in trade receivables	2,882	27	(5,859)	(51)
Decrease in trade payables	(3,096)	2,294	(148)	400
Changes in other assets/liabilities	(18,237)	28	5,413	
Payments of employee benefits	(118)		(172)	
Interest paid	(4,816)	(347)	(3,351)	
Income tax paid	(4,939)		(4,067)	
Net cash (used in) generated from operating activities	**(18,796)**		**4,619**	
Acquisition of subsidiary, net of cash acquired	(2,640)		(2,423)	
Purchase of property, plant and equipment	(15,253)	(100)	(14,070)	
Purchase of intangible assets	(4,054)		(434)	
Proceeds from sale of property, plant and equipment	418		454	
Proceeds from sale of intangible assets	328		53	
Increase in financial receivables	(30)		(581)	(113)
Interest received	205		119	86
Net cash used in investing activities	**(21,026)**		**(16,882)**	
Proceeds from borrowings	35,837		10,996	
Repayment of borrowings	(81,175)		(5,937)	
Increase/(decrease) in short-term loans	18,825	(2,721)	3,838	(4,996)
Proceeds from sale of shares	69,659		-	
Dividends paid to non-controlling interests	-		(220)	
Net cash generated from/(used in) financing activities	**43,146**		**8,677**	
Exchange gains on cash and cash equivalents	443		66	
Net increase/(decrease) in cash and cash equivalents	**3,767**		**(3,520)**	
Net cash used in operating activities of discontinued operations	-		(13,073)	
Net cash used in investing activities of discontinued operations	-		(163)	
Net cash generated from financing activities of discontinued operations	-		16,986	
Net cash generated from discontinued operations	**-**		**3,750**	
Total net increase in cash and cash equivalents	**3,767**		**230**	
Cash and cash equivalents at the beginning of the period	18,302		19,856	
Cash and cash equivalents at the end of the period	**22,069**		**20,086**	

Certification of the Consolidated Condensed Interim Financial Statements pursuant to Article 81-ter of Consob Regulation No. 11971 of May 14, 1999, as amended

MASSIMO ZANETTI
BEVERAGE GROUP

Attestation of the consolidated condensed interim financial statements pursuant to Article 81-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended and extended

1. We, the undersigned, Massimo Zanetti, in his capacity as Chairman and Chief Executive Officer, and Massimo Zuffi, in his capacity as Manager in Charge of the Financial Reports of Massimo Zanetti Beverage Group S.p.A., hereby declare, pursuant to the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998,:

   - the adequacy in relation to the company features and
   - the effective application

   of the administrative and accounting procedures for preparing the consolidated condensed interim financial statements as at and for the six months ended June 30, 2015.

2. The assessment of the adequacy of the administrative and accounting procedures used in preparing the consolidated condensed interim financial statements, for the six months ended June 30, 2015 was based on a process defined by Massimo Zanetti Beverage Group S.p.A. in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally- accepted reference framework.

3. The undersigned further declare that:

   3.1 the consolidated condensed interim financial statements:

   a) have been prepared in accordance with applicable International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) No. 1606/2002 of European Parliament and Council on 19 July 2002;

   b) reflect the accounting books and records; and

   c) provide a true and fair view of the assets, liabilities, profit or loss and financial position of the issuer and the companies included in the consolidation area.

   3.2 the interim management report includes a reliable analysis of the significant events that occurred during the first six months of the financial year and the impact of such events on the Company's consolidated condensed interim financial statements, along with a description of the main risks and uncertainties to which the Group is exposed. Furthermore, the interim management report contains a reliable analysis of significant related party transactions.

Villorba (TV), August 28, 2015

Massimo Zanetti	Massimo Zuffi
Chairman and Chief Executive Officer	Manager in Charge of the Company's Financial Reports

MASSIMO ZANETTI BEVERAGE GROUP S.p.A.

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Review Report on Consolidated Condensed Interim Financial Statements

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REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of
Massimo Zanetti Beverage Group SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Massimo Zanetti Beverage Group SpA and its subsidiaries (the MZBG Group) as of 30 June 2015, comprising the income statement, the statement of comprehensive income, the statement of financial position, cashflow statement, the statement of changes in equity and the related notes. The directors of Massimo Zanetti Beverage Group SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements of the MZBG Group as of 30 June 2015 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

PricewaterhouseCoopers SpA

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Other aspects

The comparative figures of the period ended on 30 June 2014 have not been subject to audit or review procedures by us; therefore, the conclusions included in this report do not cover these figures.

Bologna, 28 August 2015

PricewaterhouseCoopers SpA

Edoardo Orlandoni
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers