


Half-Year Financial Report

June 2016




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1. ACTIVITY REPORT

KEY FIGURES

- Q2 Customer Sales increased by 28.8% year-on-year to €200.3 million
- H1 Customer Sales increased by 28.0% year-on-year to €389.6 million
- Like-for-Like customer sales up by 16.4% and 16.6% year-on-year in Q2 2016 and H1 2016
- H1 EBITDA of €40.3 million up by 53.5% year-on-year
- LTM Customer Sales of €784.7 million and LTM EBITDA of €108.6 million (resulting in an EBITDA margin of 13.8%)
- 13 net openings over the H1 2016 (5 in France and 8 international), representing additional sales area of approximately 25 000 square meters

SIGNIFICANT EVENTS DURING THE PERIOD

- Successful IPO

Since May 27, 2016, Maisons du Monde S.A. has been listed on the regulated market of Euronext Paris. The listing of the shares is intended to enable the Group to reduce its indebtedness and increase its financial flexibility in order to support its development and growth strategy.

In connection with the Initial Public Offering (through the admission on Euronext Paris stock exchange and trading and listing of the shares of Maisons du Monde S.A. (formerly Magnolia (BC) SAS)), Maisons du Monde Group's shareholders undertook a corporate reorganisation of the group. The main drivers for this reorganisation were (i) to streamline the holding structure of the Group, (ii) to simplify shareholding at the date of settlement, and by doing so, (iii) to facilitate the IPO.

In this context, a number of mergers took place (as further detailed in the condensed consolidated interim financial statements enclosed), among which the reverse merger of Magnolia (BC) Midco S.à.r.l. ("Luxco 3" previous parent company of the Group) with and into Maisons du Monde S.A, therefore becoming the new parent of the Group.

Main impacts of the corporate reorganisation on financial statements are as follows:

- Cancellation of Preferred Equity Instrument (PECs) issued by Luxco 3 to its former parent company;
- Redemption of a €62.8m vendor loan debt resulting from the acquisition of the Group by Bain Capital in 2013 and transferred to the Group by an absorbed company;
- Share capital increase of Maisons du Monde S.A. in consideration for the transfer of all assets and liabilities of the absorbed companies.

- Refinancing

In connection with the Initial Public Offering, the Group decided to refinance and repay certain outstanding debt, which resulted in a leverage ratio improvement as well as a reduction of interest expense (as further detailed in Note 11 and Note 22 to condensed consolidated interim financial statements enclosed). Main refinancing transactions were as follows:

- Full repayment of the €325 million High Yield Bond including accrued interest;
- Payment of a €19.7 million premium to Bondholders ("Former financing") for early redemption;
- Write-off of issuance fees related to High Yield Bond and previous Revolving Credit Facility ("Former financing") through P&L for €16.7 million;
- Maisons du Monde S.A. entered into a new senior credit facility including a term loan of €250 million and a new revolving credit facility.

- IPO related fees

IPO related fees including refinancing fees booked through P&L amount to €47.5 million (as further detailed in Note 1.3 to condensed consolidated interim financial statements enclosed).

STORES NETWORK EVOLUTION

During the six-month period ended June 30, 2016 the Group has opened 20 stores and closed 7 stores. The following table shows the number of stores and the store selling surface area:

	June 30, 2016	December 31, 2015	June 30, 2015	December 31, 2014
Number of stores at year end	275	262	242	241
Of which France	*198*	*193*	*182*	*185*
Of which International	*77*	*69*	*60*	*56*
Store selling surface aera at year end (in thousands of square meters)	310	286	262	250
Of which France	*182*	*172*	*161*	*157*
Of which International	*129*	*113*	*101*	*94*

1.1 CONSOLIDATED NET INCOME REVIEW

(in € millions)	Six-month period ended June 30, 2016	Six-month period ended June 30, 2015
Customer Sales	389.6	304.3
EBITDA *(1)*	40.3	26.3
EBIT (2)	26.8	13.9
Current operating profit before other operating income and expenses	4.9	11.3
Operating profit (loss)	(5.7)	11.0
Financial profit (loss)	(67.1)	(34.1)
Income tax	18.8	0.5
PROFIT (LOSS) FOR THE PERIOD	**(53.9)**	**(22.6)**
ADJUSTED PROFIT (LOSS) FOR THE PERIOD *(3)*	**8.1**	**n/a**

(1) As defined in Note 1.1.4
(2) As defined in Note 1.1.5
(3) Profit (loss) for the period has been adjusted for:
- Non-recurring IPO expenses and cost of the Group's refinancing (€47.5m),
- Fair value adjustments on derivative financial instruments (€11.3m),
- Cost of net debt of the pre-IPO financial structure from January to May (€29.9m),
- Cost of net debt of the financial structure post-IPO calculated for the first 5 months of the year (€3m),
- Application of a normative corporate income tax rate of 36%.

1.1.1 REVENUE

Like-for-like Customer Sales growth between one quarter (semester) and the comparable preceding quarter (semester), represents the percentage change in Customer Sales from the Group's stores, online sales platforms and B2B activities, net of product returns, between one quarter (semester) and the comparable preceding quarter (semester), excluding changes in Customer Sales attributable to stores that were opened or closed during any of the years in which quarters (semesters) are being compared, and stores for which, as of the end of the most recent quarter (semester), a definitive closing decision has been made by the management. Customer Sales attributable to stores that closed temporarily for refurbishment during any of the quarters (semesters) are included.

The table below sets forth the Group's like-for-like Customer Sales for the periods indicated.

	(% increase over prior period)	
	Three-month period ended June 30, 2016	**Three-month period ended June 30, 2015**
Like-for-like Customer Sales	16.4%	12.8%

	(% increase over prior period)	
	Six-month period ended June 30, 2016	**Six-month period ended June 30, 2015**
Like-for-like Customer Sales	16.6%	9.7%

Customer sales by geographical segment

Customer Sales by geographical segment	**Q2 16**	**%**	**Q2 15**	**%**	**Var. €**	**Var. (%)**
(in € millions, except percentages)						
France	126.7	63.3%	101.8	65.4%	25.0	24.5%
International	73.6	36.7%	53.8	34.6%	19.8	36.8%
Total Customer Sales	**200.3**	100%	**155.6**	100.0%	44.7	28.8%

Customer Sales by geographical segment	**H1 16**	**%**	**H1 15**	**%**	**Var. €**	**Var. (%)**
(in € millions, except percentages)						
France	250.0	64.2%	199.4	65.5%	50.6	25.4%
International	139.6	35.8%	104.9	34.5%	34.7	33.1%
Total Customer Sales	**389.6**	100%	**304.3**	100.0%	85.3	28.0%

Customer sales by distribution channel

Customer Sales by distribution channel	**Q2 16**	**%**	**Q2 15**	**%**	**Var. €**	**Var. (%)**
(in € millions, except percentages)						
Stores	159.1	79.4%	126.3	81.2%	32.8	25.9%
Online	41.2	20.6%	29.2	18.8%	12.0	40.9%
Total Customer Sales	**200.3**	100%	**155.6**	100.0%	44.7	28.8%

Customer Sales by distribution channel	**H1 16**	**%**	**H1 15**	**%**	**Var. €**	**Var. (%)**
(in € millions, except percentages)						
Stores	312.5	80.2%	249.1	81.9%	63.4	25.5%
Online	77.1	19.8%	55.2	18.1%	21.9	39.7%
Total Customer Sales	**389.6**	100%	**304.3**	100.0%	85.3	28.0%

Customer sales by product category

Customer Sales by product category	**Q2 16**	**%**	**Q2 15**	**%**	**Var. €**	**Var. (%)**
(in € millions, except percentages)						
Decoration	100.2	50.0%	76.9	49.4%	23.3	30.3%
Furniture	100.1	50.0%	78.7	50.6%	21.4	27.2%
Total Customer Sales	**200.3**	100%	**155.6**	100.0%	44.8	28.8%

Customer Sales by product category	H1 16	%	H1 15	%	Var. €	Var. (%)
(in € millions, except percentages)						
Decoration	202.3	51.9%	157.9	51.9%	44.3	28.1%
Furniture	187.3	48.1%	146.3	48.1%	41.0	28.0%
Total Customer Sales	**389.6**	100%	**304.3**	100.0%	85.3	28.0%

Customer sales increased by €44.7 million, or 28.8% from €155.6 million for the three-month period ended June 30, 2015 to €200.3 million for the three-month period ended June 30, 2016. This increase was primarily driven by the Group's like-for-like Customer Sales growth of 16.4%, attributable to (i) the strength of the collection, (ii) the continued increase in online sales, which rose by €12.0 million, or 40.9% from €29.2 million for the three-month period ended June 30, 2015 to €41.2 million for the three-month period ended June 30, 2016 (representing approximately 20% of the quarterly Customer Sales), and (iii) continued focus on retail excellence. This increase was also due to the opening of 12 gross new stores during the three-month period ended June 30, 2016 (equally distributed between France and international markets), slightly offset by the closure of one smaller store in France.

On a six month basis, Customer Sales increased by €85.3 million, or 28.0% from €304.3 million for the six-month period ended June 30, 2015 to €389.6 million for the six-month period ended June 30, 2016. This increase was primarily driven by the Group's like-for-like Customer Sales growth of 16.6%, attributable to the factors mentioned above. The increase in Customer Sales was also due to the opening of 41 gross new stores between June 30, 2015 and June 30, 2016, which have an average retail trading space of approximately 1 300 square meters (of which 23 were in France and 18 were in international market) and the full-period impact of 6 stores opened in the six-month period ended June 30, 2015 (of which 2 were in France and 4 were in international market). This increase was partly offset by the closure (permanently or temporarily for relocation) of 8 smaller stores since June 30, 2015 (with an average retail trading space of approximately 400 square meters) and the full-period effect of the closure (permanently or temporarily for relocation) of five smaller stores in the six-month period ended June 30, 2015 (with an average retail trading space of approximately 400 square meters).

Customer Sales generated in France increased by €50.6 million, or 25.4%, from €199.4 million for the six-month period ended June 30, 2015 to €250.0 million for the six-month period ended June 30, 2016. The increase was primarily driven by positive like-for-like Customer Sales growth which was supported by the strength of the 2016 Spring/Summer decoration collection which featured certain thematic continuity with the Autumn/Winter 2015 collection themes, the continued implementation of the Group's omnichannel strategy, and the general improving macroeconomic conditions during the period, as well as the Group's continued focus on retail excellence. The increase in Customer Sales was also attributable to the opening of 23 gross new stores between June 30, 2015 and June 30, 2016, with an average retail trading space of approximately 1 000 square meters, and the full-period impact of two stores opened in the six-month period ended June 30, 2015. The increase in Customer Sales was partially offset by the closure (permanently or temporarily for relocation) of seven smaller stores since June 30, 2015 (with an average retail trading space of approximately 400 square meters) and the full-period effect of five smaller stores closed (permanently or temporarily for relocation) in the six-month period ended June 30, 2015 (with an average retail trading space of approximately 400 square meters).

International Customer Sales increased by €34.7 million, or 33.1%, from €104.9 million for the six-month period ended June 30, 2015 to €139.6 million for the six-month period ended June 30, 2016. This growth was primarily the result of Like-for-like Customer Sales growth, supported by online sales and organic store growth, and ongoing development of the network, including the opening of 18 gross new stores between June 30, 2015 and June 30, 2016 with an average retail trading space of approximately 1 500 square meters. This increase was slightly offset by the closure of one store for relocation between June 30, 2015 and June 30, 2016.

The Group's product mix between decorative products and furniture remained stable during the six-month period ended June 30, 2016 compared to the six-month period ended June 30, 2015, with decorative products slightly above furniture (the former representing 51.9% of the Customer Sales compared to 48.1% for the latter). Both in 2015 and 2016, the proportion of furniture in Customer Sales was higher during the three-month period ended June 30, which is mainly due to a larger portion of the Group's Customer Sales from the online channel during the period.

Additionally, other revenue contributed €1.3 million to the increase in consolidated revenue. This increase of 23.2% as compared to the first half 2015 was mainly due to a higher volume of transportation services sold to customers through the online channel.

As a result of the above, the Group's consolidated revenue increased by €86.9 million, or 27.5%, from €315.5 million for the six-month period ended June 30, 2015 to €402.4 million for the six-month period ended June 30, 2016.

1.1.2 GROSS MARGIN

(in € millions)	Six-month period ended June 30, 2016	Six-month period ended June 30, 2015
Customer Sales	**389.6**	**304.3**
Cost of sales	(132.4)	(102.0)
Gross Margin	**257.2**	**202.3**
Gross Margin %	66.0%	66.5%

N.B. Gross margin is defined as Customer Sales minus cost of sales, expressed as a percentage of Customer Sales.

Cost of sales increased by €30.4 million, or 29.8%, from €102.0 million for the six-month period ended June 30, 2015 to €132.4 million for the six-month period ended June 30, 2016. As a percentage of Customer Sales, cost of sales increased from 33.5% for the six-month period ended June 30, 2015 to 34.0% for the six-month periods ended June 30, 2016. The slight increase was due to the increased U.S. dollar to Euro rate used for the contracts through which the Group hedges all of its purchases of goods and maritime shipping denominated in U.S. dollars.

As a consequence of the above, the Group recorded a gross margin of €257.2 million, representing 66.0% of Customer Sales compared with an amount of €202.3 million (66.5 % of Customer Sales) for the six-month period ended June 30, 2015.

1.1.3 CURRENT OPERATING PROFIT BEFORE OTHER OPERATING INCOME AND EXPENSES

(in € millions)	**Six-month period ended June 30, 2016**	**Six-month period ended June 30, 2015**
Retail revenue	390.9	305.4
Of which Customer Sales	*389.6*	*304.3*
Other revenue	11.4	10.1
Revenue	**402.4**	**315.5**
Cost of sales	(132.4)	(102.0)
Personnel expenses	(81.4)	(67.7)
External expenses	(156.0)	(127.5)
Depreciation, amortization and allowance for provisions	(13.5)	(12.3)
Change in fair value – Derivative financial instruments	(11.3)	7.0
Other income and expenses from operations	(2.9)	(1.8)
Current operating profit before other operating income and expenses	**4.9**	**11.3**

Personnel expenses increased by €13.7 million, or 20.2%, from €67.7 million for the six-month period ended June 30, 2015 to €81.4 million for the six-month period ended June 30, 2016 as headcount (excluding Mekong Furniture) increased from 4,027 average FTEs over the six-month period ended June 30, 2015 to 4,470 average FTEs over the six-month period ended June 30, 2016. This increase is mainly attributable to new store openings, and the full-year impact of additional resources hired in 2015 dedicated to central functions.

As a percentage of Customer Sales, personnel expenses decreased from 22.2% for the six-month period ended June 30, 2015 to 20.9% for the six-month period ended June 30, 2016. This decrease was mainly due to (i) the personnel costs of comparable stores that remained relatively flat in a context of strong like-for-like growth, and (ii) changes in the mix of the Customer Sales generated by distribution channel, with a lower personnel cost base required for online sales (which increased relative to store sales during the period). This decrease was partly offset by an increase in employee profit sharing of €1.6 million.

External expenses increased by €28.5 million, or 22.4%, from €127.5 million for the six-month period ended June 30, 2015 to €156.0 million for six-month period ended June 30, 2016. This increase was mainly due to (i) the increase in transportation costs by 30.1% as a result of a higher level of Customer Sales; (ii) the continued increase in store space related to net store openings from a store selling surface area of approximately 262,000 square meters as of June 30, 2015 to approximately 310,000 square meters as of June 30, 2016 which affected leases and related expenses, energy and repair and maintenance; (iii) the increase in recourse to temporary staff due to the optimization of the Group's store workforce in a context of new stores openings; (iv) the increase in advertising and marketing expenses which overall remain stable as a percentage of customer sales.

As a percentage of Customer Sales, external expenses decreased from 41.9% for the six-month period ended June 30, 2015 to 40.0% for the six-month period ended June 30, 2016. The decrease in external expenses as a percentage of Customer Sales was driven primarily by fixed cost leverage and the growing share of Customer Sales from the Group's online channel, which carries lower external expenses. This decrease was partially offset by a higher level of temporary staff as a percentage of Customer Sales due to the planned openings of new stores.

Depreciation, amortization and allowance for provisions increased by €1.2 million, or 9.7%, from €12.3 million for the six-month period ended June 30, 2015 to €13.5 million for the six-month period ended June 30, 2016, primarily due to the depreciation and amortization of fixed assets in a context of new stores openings.

As a percentage of Customer Sales, depreciation, amortization and allowance for provisions decreased from 4.0% for the six-month period ended June 30, 2015 to 3.5% for the six-month period ended June 30, 2016, thanks to customer sales growing faster than depreciation and amortization of fixed assets, partly due to the growth on online sales.

The **change in fair value of the Group's derivative financial instruments** that globally cover the purchases of goods and maritime shipping in U.S. dollars represented a €11.3 million loss in the six-month period ended June 30, 2016 as compared to a €7.0 million gain for the six-month period ended June 30, 2015. Since January 1, 2016, the Group applies hedge accounting which would reduce the amount of charges to the consolidated income statement on a period-by-period basis. The difference between the two accounting methods consists in having an equity impact (new accounting method) instead of a P&L impact (previous accounting method) for the change in fair value of the hedging contracts. The P&L impact of the change in fair value of the Group's derivative financial instruments for the six-month period ended June 30, 2016 mainly comes from the reversal of the fair value of derivative financial instruments held by the group at the end of December 2015. The residual value of the derivative financial instruments existing as of December 31, 2015 should be reversed with a P&L impact by the end of June 2017.

Other income and expenses from operations increased from a €1.8 million expense for the six-month period ended June 30, 2015 to €2.9 million for the six-month period ended June 30, 2016. This increase was primarily due to certain losses from unauthorized online credit card charges following the introduction of a new online payment platform, which generated significant increase in conversion rates, and an increase in pre-opening expenses due to the pace and number of store openings.

As a result of the aforementioned factors, **current operating profit before other operating income and expenses** decreased by €6.4 million, from an income of €11.3 million for the six-month period ended June 30, 2015 to an income of €4.9 million for the six-month period ended June 30, 2016. When excluding the effect of the change in fair value of the derivative financial instruments, current operating profit before other operating income and expenses increased by €11.9 million from an income of €4.3 million for the six-month period ended June 30, 2015 to an income of €16.2 million for the six-month period ended June 30, 2016.

1.1.4 EBITDA

The Group defines its annual EBITDA as its current operating profit before other operating income and expenses excluding i) depreciation, amortization and allowance for provisions and ii) the change in fair value of its derivative instruments, which are both non-cash items, as well as iii) the management fees paid to the controlling shareholders to cover for management and administrative expenses (until the IPO) and iv) store pre-opening expenses which relate to expenses incurred prior to the opening of new stores.

Semester EBITDA uses the same definition as annual EBITDA except that it includes (i) a pro rata amount corresponding to one half of the annual catalog-related expenses and (ii) a *pro rata* amount of the annual impact of IFRIC 21 on costs related to certain government levies that were accounted for in full in the first quarters of 2015 and 2016.

The following table provides a reconciliation of the Group's EBITDA to its current operating profit before other operating income and expenses for the periods under review.

(in € millions)	**Six-month period ended June 30, 2016**	**Six-month period ended June 30, 2015**
Current operating profit before other operating income and expenses	**4.9**	**11.3**
Depreciation / amortization expense and allowance for provisions	13.5	12.3
Change in fair value – derivative financial instruments	11.3	(7.0)
Management fees	0.8	1.0
Pre-opening expenses[1]	1.6	1.1
Catalog related expenses	6.8	6.7
IFRIC 21 costs	1.3	0.9
EBITDA	**40.3**	**26.3**

[1] Pre-opening expenses refers to expenses related to the opening of new stores that are incurred prior to the relevant opening during any of the periods under review and include leases and related charges, personnel expenses, energy and temporary staff costs including for the set-up of store merchandising.

The Group's **EBITDA** increased by €14.0 million, or 53.5%, from €26.3 million for the six-month period ended June 30, 2015 to €40.3 million for the six-month period ended June 30, 2016. This increase was mainly driven by strong like-for-like Customer Sales growth, and the perimeter effect of new store openings.

As a percentage of Customer Sales, EBITDA margin increased from 8.6% for the six-month period ended June 30, 2015 to 10.3% for the six-month period ended June 30, 2016. This increase as a percentage of Customer Sales was mainly due to the fixed nature of the cost base of the comparable stores (mainly comprising personnel, rents and related rental charges) in a context of strong like-for-like Customer Sales growth during the period.

EBITDA in France increased by €13.7 million, or 42.7%, from €32.1 million for the six-month period ended June 30, 2015 to €45.8 million for the six-month period ended June 30, 2016. This increase was mainly driven by strong like-for-like growth and the perimeter effect of the new stores. As a percentage of France Customer Sales, France EBITDA margin (excluding Corporate) increased from 16.1% for the six-month period ended June 30, 2015 to 18.3% for the six-month period ended June 30, 2016, driven by strong like-for-like Customer Sales growth.

International EBITDA increased by €4.5 million, or 27.9%, from €16.3 million for the six-month period ended June 30, 2015 to €20.8 million for the six-month period ended June 30, 2016. This increase was mainly driven by like-for-like Customer Sales growth. As a percentage of International Customer Sales, International EBITDA margin (excluding Corporate) decreased from 15.5% for the six-month period ended June 30, 2015 to 14.9% for the six-month period ended June 30, 2016, as a result of the recent ramp up of stores in new countries (Germany and Switzerland).

1.1.5 EBIT

The following table provides a reconciliation of the Group's EBIT to its EBITDA for the periods indicated.

	Six-month period ended June 30, 2016	Six-month period ended June 30, 2015
(in € millions)		
EBITDA	**40.3**	**26.3**
Depreciation / amortization expense and allowance for provisions	(13.5)	(12.3)
EBIT	**26.8**	**13.9**

The Group defines EBIT as EBITDA less depreciation, amortization and allowance for provisions. EBIT is not a measure of performance or liquidity under IFRS. See "Non-IFRS Financial Measures".

1.1.6 OTHER OPERATING INCOME AND EXPENSES

The Group's other operating income and expenses represented a net expense of €10.5 million for the six-month period ended June 30, 2016 compared to a net expense of € 0.3 million in the six-month period ended June 30, 2015. This change is mainly due to costs incurred in the six-month period ended June 30, 2016 in connection with the IPO, given that **IPO related fees** recorded for the six-month period ended June 30, 2016 amounted to €11.1 million.

1.1.7 FINANCIAL PROFIT (LOSS) – NET

Financial loss increased by €32.9 million, or 96.5 %, from €34.1 million for the six-month period ended June 30, 2015 to €67.1 million for the six-month period ended June 30, 2016. This change is mainly due to costs incurred in the six-month period ended June 30, 2016 in connection with the IPO, given that (i) the early redemption fees for the former High Yield financing, amounted to €19.7 million and (ii) the write-off of issuance fees on the former High Yield and RCF, which amounted to €16.7 million, without impact on cash.

As of June 30, 2016, the refinancing that occurred at the end of May 2016 has not yet had a material impact on the cost of net debt.

1.1.8 INCOME TAX

Income tax represented an income of €18.8 million for the six-month period ended June 30, 2016, compared to an income of €0.5 million for the six-month period ended June 30, 2015. In the six-month period ended June 30, 2016, income tax comprised of (i) current income tax expense for €2.7 million (€2.3 million current income tax expense for the six-month period ended June 30, 2015), including CVAE and IRAP (Italian regional tax on productive activities) of €2.1 million (€2.0 million for the six-month period ended June 30, 2015) in the aggregate and (ii) a deferred tax income of €21.5 million (€2.8 million deferred tax income for the six-month period ended June 30, 2015). The variance in deferred tax income mainly comes from net operating losses (NOLs) generated in particular by the IPO related fees and the variance in the change in fair value of the derivative financial instruments.

1.1.9 PROFIT (LOSS) FOR THE PERIOD

As a consequence of the above, the Group recorded a loss of €53.9 million for the six-month period ended June 30, 2016, compared with a loss of €22.6 million for the six-month period ended June 30, 2015.

Adjusted profit for the period (as defined in note 1.1) amounts to €8.1 million for the six-month period ended June 30, 2016.

1.1.10 SEGMENT INFORMATION

The table below sets forth the Group's segment reporting for the periods under review.

	Six-month period ended June 30, 2016	**Six-month period ended June 30, 2015**
(in € millions)		
Customer Sales		
France	250.0	199.4
International	139.6	104.9
Customer Sales	**389.6**	**304.3**
Sales to franchise and promotional sales	1.3	1.1
Retail revenue	**390.9**	**305.4**
Other revenue	11.4	10.1
Revenue	**402.4**	**315.5**
EBITDA		
France	45.8	32.1
International	20.8	16.3
Corporate	(26.3)	(22.1)
Total EBITDA	**40.3**	**26.3**

The Group's business is organized into two geographical reporting segments under IFRS, consisting of France (representing all retail activity in France, including French online sales channels and B2B activities) and International (representing all retail activity outside of France, including the Group's online sales channels outside of France). Financial information by geographical segment is reported in accordance with the Group's internal reporting system and shows internal segment information that is used to manage and measure the performance of the Group.

In addition, the Group reports a Corporate segment, which includes shared operating activities and headquarters costs of the Group not allocated to either geographical segment and the competitiveness and employment tax credit (CICE).

The Group reports segment information for Customer Sales and EBITDA.

1.2 NET DEBT AND CASH-FLOW STATEMENT

1.2.1 NET DEBT AND LEVERAGE RATIO

In connection with the IPO, the Group has refinanced and repaid a certain part of its outstanding indebtedness. The refinancing is designed in particular to improve the Group's leverage ratio and reduce its interest expense.

Evolution of net debt between December 31, 2015 and June 30, 2016 is as follows (and further detailed in Note 22 to the condensed consolidated interim financial statements enclosed):

		Cash impact		**Without cash impact**				
(In thousands of euros)	**December 31, 2015**	Increase	Decrease	Issuance fees	Interest	Change effect	Other	**June 30, 2016**
PECs	395,839				15,800		(411,639)	-
High yield bond	321,683		(349,294)	15,423	12,188			-
Revolving Credit Facility	(2,461)		(655)	2,591	525			-
"Former" financing	*715,061*	*-*	*(349,949)*	*18,014*	*28,513*	*-*	*(411,639)*	*-*
Term loan	-	246,553	(47)	51	468		1	247,026
Revolving Credit Facility	-	33,966	(5)	17	91		(13)	34,056
"New" financing	*-*	*280,519*	*(52)*	*68*	*559*	*-*	*(12)*	*281,082*
Finance Lease Debt	1,995		(695)					1,300
Vendor Loan			(62,798)				62,798	-
Deposits	390		(3)					387
Banks overdrafts	1,625	9,619						11,244
Cash and cash equivalents	(76,398)		38,918					(37,480)
Total Net Debt	**642,673**	**290,138**	**(374,579)**	**18,082**	**29,072**	**-**	**(348,853)**	**256,533**

	As of June 30, 2016	**As of June 30, 2015**
Leverage ratio[(1)]………………………………………………………………………	2.4x	3.7x

(1)"Leverage ratio" presented in the table above corresponds to net third-party financial debt of Maisons du Monde S.A (Luxco 3 with respect to the leverage ratio as of June 30, 2015) divided by EBITDA for the twelve-month period from July 1, 2015 to June 30, 2016 (with respect to the leverage ratio as of June 30, 2016) and for the twelve-month period from July 1, 2014 to June 30, 2015 (with respect to the leverage ratio as of June 30, 2015).

1.2.2 SELECTED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six-month period ended June 30, 2016	Six-month period ended June 30, 2015
(in € millions)		
Net cash flow from/(used in) operating activities	(2.5)	21.1
Net cash flow from/(used in) investing activities	(44.0)	(18.5)
Net cash flow from/(used in) financing activities	(2.1)	(16.0)
Net increase/(decrease) in cash and cash equivalents	**(48.6)**	**(13.4)**
Cash and cash equivalents at beginning of period	74.8	37.7
Net increase/(decrease) in cash and cash equivalents	(48.6)	(13.4)
Exchange gains/(losses) on cash and cash equivalents	0.0	-
Cash and cash equivalents at end of period	**26.2**	**24.2**

1.2.3 FREE CASH FLOW DATA

The following table sets forth the Group's free cash flow from operating activities, free cash flow used in investing activities and free cash flow for the periods indicated.

(in € millions)	Six-month period ended June 30, 2016	Six-month period ended June 30, 2015
EBITDA	**40.3**	**26.3**
Change in operating working capital requirement	(17.6)	5.8
Income tax paid	(4.0)	(1.2)
Management fees	(0.8)	(1.0)
Pre-opening expenses	(1.6)	(1.1)
Catalogs related expenses	(6.8)	(6.7)
IFRIC 21 costs	(1.3)	(0.9)
Fees linked to the IPO	(11.1)	-
Change in other operating items	0.4	(0.1)
Free cash flow from/(used in) operating activities[1]	**(2.5)**	**21.1**
Capital expenditure[2]	(45.3)	(19.2)
Of which repurchases of Luxco 2 shares and CPECs	*(20.6)*	-
Change in debts on fixed assets	(0.4)	0.2
Proceeds from sale of fixed assets	1.7	0.4
Free cash flow used in investing activities[3]	**(44.0)**	**(18.5)**
Free Cash Flow before financing activities	**(46.5)**	**2.6**

[1] Free cash flow from/(used in) operating activities is defined as EBITDA net of change in operating working capital requirement and including other operating items with a cash effect. As a consequence, free cash flow from/(used in) operating activities equals net cash flow from/(used in) operating activities. Free cash flow from/(used in) operating activities is not a measure of performance or liquidity under IFRS. See "Non-IFRS Financial Measures".

[2] Out of the capital expenditure of €45.3 million for the six-month period ended June 30, 2016, €20.6 million was attributable to the repurchase by the Group of certain shares in Luxco 2 and convertible preferred equity instruments (CPECs) of Luxco 2, in connection with the senior management transition agreed between Mr. Xavier Marie and Bain Capital in the summer of 2015. Excluding this repurchase of shares and CPECs, the Group's capital expenditure amounted to €24.6 million.

[3] Free cash flow used in investing activities is defined as net cash flow used in investing activities, excluding the acquisition of subsidiaries, net of cash acquired. Free cash flow used in investing activities is not a measure of performance or liquidity under IFRS. See "Non-IFRS Financial Measures".

1.2.4 ANALYSIS OF CONSOLIDATED CASH FLOWS

For the six-month period ended June 30, 2016, the Group's operating activities generated a €2.5 million net cash outflow, mainly due to (i) a €19.1 million positive impact of loss before income tax after adjustment for the €30.5 million cost of net debt and for a net non-cash expense of €61.0 million (mainly corresponding to €19.7 million of High Yield early redemption fees, a €16.7 million write-off of issuance fees related to the former High Yield Bond and RCF, a €14.7 million expense for depreciation and amortization and a €11.3 million negative change in fair value of hedging derivative instruments) (ii) a €17.6 million unfavorable change in operating working capital requirement, as described further below and (iii) a €4.0 million cash outflow attributable to the payment of income tax.

For the six-month period ended June 30, 2015, the Group's operating activities generated a €21.1 million net cash inflow, mainly attributable to (i) the positive impact of profit (loss) before income tax after adjustment for the €33.8 million cost of net debt and for a net non-cash income of €5.8 million, (ii) the €5.8 million favorable change in operating working capital requirement and (iii) the €1.2 million cash outflow related to income tax.

For the six-month period ended June 30, 2016, the change in operating working capital requirement had a negative cash flow impact of €17.6 million, resulting from increases of respectively €28.5, million and €14.4 million in inventories and trade and other receivables, partly offset by a €25.2 million increase in trade and other payables.

For the six-month period ended June 30, 2015, the change in operating working capital requirement had a positive cash flow impact of €5.8 million, resulting from a €10.4 million increase in trade and other payables and a €3.3 million decrease in inventories, partly offset by a €7.8 million increase in trade and other receivables.

For the six-month period ended June 30, 2016, the Group's investing activities resulted in a net cash outflow of €44.0 million, mainly due to capital expenditure of €45.3 million, of which €20.6 million was attributable to the aforementioned repurchase by the Group of certain shares and CPECs in Luxco 2. Excluding this repurchase of shares and CPECs, the Group's capital expenditure amounted to €24.6 million of which approximately 73% was related to store development capital expenditure incurred in connection with the gross opening of 20 new stores during the first half 2016, of which 11 were located in France and 9 in the rest of Europe.

For the six-month period ended June 30, 2015, the Group's investing activities resulted in a net cash outflow of €18.5 million, mainly due to capital expenditure of €19.2 million, of which approximately 69.0% was related to store development capital expenditure incurred in connection with the gross opening of 6 new stores during the first half 2015 as well as with the planned opening of stores in the second half 2015.

For the six-month period ended June 30, 2016, the Group recorded a €2.1 million net cash outflow for financing activities, primarily composed of (i) the proceeds from issue of share capital with a net cash-in of €150.6 million, (ii) the proceeds from issue of the €250 million term loan and the €35 million drawdown of new Revolving Credit Facility, (iii) the €325 million repayment of the former High yield Bond and the cancellation of the former Revolving Credit Facility, (iv) the payment of interest for €25.0 million mainly related to the former High Yield Bond, (v) the repayment of a €62.8 million vendor loan debt coming from the acquisition of the Group by Bain Capital in 2013, and (vi) the €19.7 million High Yield redemption fees.

For the six-month period ended June 30, 2015, the Group recorded a €16.0 million net cash outflow used in financing activities. Interest paid on borrowings amounted to €15.2 million, mainly in connection with the High Yield Bond for €14.7 million and the Existing Revolving Credit facility for €0.3 million (including commitment fees).

1.3 RISK FACTORS AND TRANSACTIONS BETWEEN RELATED PARTIES

1.3.1 RISKS FACTORS

A number of risks and uncertainties could have a material adverse effect on the Group's business, financial condition, results of operations or prospects, which are presented in the Registration Document and did not change significantly during the first half of 2016.

1.3.2 TRANSACTIONS BETWEEN RELATED PARTIES

The transactions with related parties are disclosed in the Note 28 of the consolidated financial statements for the year ended December 31, 2015.

There were no significant changes in transactions with related parties between December 31, 2015 and June 30, 2016, except the termination of the consulting services agreement with Bain Capital as of May 31, 2016 that lead to a termination fee of €3 million.

1.4 SUBSEQUENT EVENTS

The Group did not identify any significant event after the reporting period that should be mentioned in this financial report.

1.5 NON-IFRS FINANCIAL MEASURES

This report includes certain unaudited measures of the Group's performance that are not required by or presented in accordance with IFRS, including: (i) Customer Sales; (ii) EBIT and EBITDA; (iii) like-for-like Customer Sales growth; (iv) gross margin; (v) adjusted profit (loss); and (vi) free cash flow. The Group presents these measures because it believes them to be important supplemental measures of performance and cash flow that are commonly used by securities analysts, investors and other interested parties in the evaluation of companies in the Group's industry and that such measures can prove helpful in enhancing the visibility of underlying trends in the Group's operating performance. However, these measures have limitations as analytical tools and they should not be treated as substitute measures for those stated under IFRS and they may not be comparable to similarly titled measures used by other companies.

MAISONS DU MONDE S.A.

FIRST-HALF 2016 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Half-Year ended June 30, 2016)

CONSOLIDATED INTERIM INCOME STATEMENT

(In thousands of euros)	Notes	Half-year 2016	Half-year 2015	Full year 2015
Retail revenue	5	390,939	305,362	701,401
Other revenue	5	11,429	10,135	22,015
Revenue		***402,369***	***315,498***	***723,416***
Cost of sales		(132,350)	(101,963)	(225,292)
Personnel expenses	7	(81,340)	(67,677)	(148,547)
External expenses	8	(156,011)	(127,502)	(256,269)
Depreciation, amortization and allowance for provisions		(13,522)	(12,321)	(25,418)
Fair value - derivative financial instruments	20	(11,343)	7,026	2,743
Other income from operations	9	966	1,510	1,029
Other expense from operations	9	(3,878)	(3,262)	(6,193)
Current operating profit before other operating income and expenses		***4,891***	***11,310***	***65,469***
Other operating income and expenses	10	(10,542)	(288)	(619)
Operating profit (loss) - net		***(5,651)***	***11,021***	***64,850***
Cost of net debt	11	(30,520)	(33,787)	(69,659)
Finance income	11	788	317	571
Finance costs	11	(37,328)	(656)	(1,597)
Financial profit (loss) - net		***(67,060)***	***(34,125)***	***(70,686)***
Share of profit (loss) of equity-accounted investees		-	-	80
Profit (loss) before income tax		***(72,710)***	***(23,104)***	***(5,756)***
Income tax	12	18,801	483	(8,167)
PROFIT (LOSS) FOR THE PERIOD		***(53,911)***	***(22,622)***	***(13,923)***
Attributable to:				
-Owners of the Parent		(53,911)	(22,622)	(13,923)
-Non-controlling interests		-	-	
Earnings per share for profit (loss) for period attribuable to the owners of the parent :				
Basic and diluted earnings per share	13	(2.00)	(0.97)	(0.60)

CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

(In thousands of euros)	Notes	Half-year 2016	Half-year 2015	Full year 2015
PROFIT (LOSS) FOR THE PERIOD		***(53,911)***	***(22,622)***	***(13,923)***
Other comprehensive income				
Items that will not be reclassified to profit or loss :				
- Remeasurements of post employment benefit obligations		(270)	-	121
- Income tax on items that will not be reclassified		93	-	(45)
Total items that will not be reclassified to profit or loss		*(177)*	-	*76*
Items that will be reclassified subsequently to profit or loss :			-	
- Cash-flow hedge	20	(486)	-	-
- Currency translation differences		(90)	51	187
- Income tax on items that will be reclassified	20	167		
Total items that will be reclassified subsequently to profit or loss		*(409)*	*51*	*187*
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX		***(586)***	***51***	***263***
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		***(54,497)***	***(22,571)***	***(13,660)***
Attributable to:				
– Owners of the parent		(54,497)	(22,571)	(13,660)
– Non-controlling interest		-	-	-

The accompanying notes are an integral part of the consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

Assets *(In thousands of euros)*	**Notes**	**June 30, 2016**	**December 31, 2015**	**June 30, 2015**
Goodwill	14	321,183	321,183	321,183
Other intangible assets	15	243,180	242,040	238,718
Property, plant and equipment	16	123,082	116,740	108,552
Equity-accounted investees		143	136	82
Other non-current financial assets	17	18,051	16,499	16,610
Deferred income tax assets	18	40,843	15,904	20,100
Other non-current assets	19	8,490	9,020	9,468
Non-current assets		***754,972***	***721,523***	***714,712***
Inventories		130,649	102,262	104,171
Trade receivables & Other current receivables		60,553	45,922	47,560
Other current financial assets		383	524	392
Current income tax assets		12,575	9,508	8,971
Derivative financial instruments	20	12,285	24,114	28,397
Cash and cash equivalents	22	37,480	76,398	31,760
Current assets		***253,925***	***258,727***	***221,251***
TOTAL ASSETS		***1,008,896***	***980,250***	***935,964***

Equity and Liabilities *(In thousands of euros)*	**Notes**	**June 30, 2016**	**December 31, 2015**	**June 30, 2015**
Share capital	21	146,584	5,545	5,545
Share premium	21	135,113	49,905	49,905
Retained earnings		214,786	(24,159)	(24,420)
Profit (loss) for the period		(53,911)	(13,923)	(22,622)
Equity attributable to owners of the Company		***442,572***	***17,368***	***8,408***
Non-controlling interests		-	-	-
TOTAL EQUITY		***442,572***	***17,368***	***8,408***
Borrowings	22	247,207	311,784	310,409
Other financial debts	22	0	380,490	345,781
Deferred income tax liabilities	18	74,789	74,789	74,929
Post-employment benefits	23	5,223	4,655	4,108
Provisions	24	1,704	2,194	2,862
Other non-current liabilities	25	10,250	9,752	9,075
Non-current liabilities		***339,172***	***783,664***	***747,164***
Current portion of borrowings	22	46,806	11,448	17,621
Other financial debts	22	0	15,349	31,161
Trade payables and other current payables		179,404	151,812	130,857
Provisions	24	479	101	157
Current income tax liabilities		417	503	593
Other current liabilities		45	5	2
Current liabilities		***227,152***	***179,218***	***180,391***
TOTAL LIABILITIES		***566,324***	***962,882***	***927,555***
TOTAL EQUITY AND LIABILITIES		***1,008,896***	***980,250***	***935,964***

The accompanying notes are an integral part of the consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(In thousands of euros)	Note	Half-year 2016	Half-year 2015	Full year 2015
Profit (loss) for the period before income tax		(72,710)	(23,104)	(5,756)
Adjustments for :				
- Depreciation and amortization		14,657	10,609	24,249
- Net (gain) loss on disposals	9 & 10	(713)	2,207	451
- Share of profit (loss) of equity-accounted investees		-	-	(80)
- Change in fair value – derivative financial instruments	20	11,343	(7,026)	(2,743)
- Other *(1)*		35,965		
- Cost of net debt		30,520	33,787	69,659
Change in operating working capital requirement:				
- (Increase) decrease in inventories		(28,464)	3,250	5,227
- (Increase) decrease in trade and other receivables		(14,369)	(7,848)	(3,247)
- Increase (decrease) in trade and other payables		25,231	10,376	28,352
Income tax paid		(3,969)	(1,157)	(4,067)
Net cash flow from/(used in) operating activities		**(2,511)**	**21,094**	**112,045**
Acquisitions of non-current assets :				
- Property, plant and equipment	16	(20,140)	(14,687)	(35,353)
- Intangible assets		(2,777)	(1,218)	(5,424)
- Subsidiaries, net of cash acquired		33	-	(16)
- Other non-current assets *(2)*		(22,355)	(3,251)	(3,130)
Change in debts on fixed assets		(462)	244	520
Proceeds from sale of non-current assets:				
- Property, plant and equipment		1,735	367	16
- Other non-current assets		-	-	-
Net cash flow from/(used in) investing activities		**(43,966)**	**(18,544)**	**(43,387)**
Proceeds from issue of share capital *(3)*	21	150,595	-	-
Proceeds from issues of borrowings *(4)*	22	280,519	-	139
Repayment of borrowings *(4)*	22	(325,696)	(706)	(1,391)
Interest paid	22	(25,000)	(15,156)	(30,317)
Vendor Loan	22	(62,798)	-	-
High Yield early redemption fees	22	(19,693)	(135)	-
Net cash flow from/(used in) financing activities		**(2,073)**	**(15,997)**	**(31,569)**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(48,550)**	**(13,447)**	**37,089**
Cash and cash equivalents at beginning of period		**74,773**	**37,673**	**37,673**
Exchange gains/(losses) on cash and cash equivalents		12	-	11
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**26,236**	**24,225**	**74,773**

(In thousands of euros)		Half-year 2016	Half-year 2015	Full year 2015
Cash and cash equivalents (excluding bank overdrafts)	22	37,480	31,760	76,398
Bank overdrafts	22	(11,244)	(7,535)	(1,625)
CASH AND CASH EQUIVALENTS		**26,236**	**24,225**	**74,773**

(1) Of which €19.7m related to the High Yield redemption fees reclassified in financing activities and €16.7m related to the issuance fees of the "previous" financing not yet amortized at the date of the termination of the RCF and at the date of the repayment of the High Yield Bond (see Note 1.3).

(2) Of which €20.6m of shares and other securities of Magnolia (BC) Luxco S.C.A. ("Luxco 2") following the repurchases completed in the first quarter of 2016 in connection with top management transition agreed between Mr. Xavier Marie and Bain Capital in the summer of 2015.

(3) As part of the IPO, the Group issued new shares for €160m and the related fees amount to €9.4m, so the net cash-in is €150.6m.

(4) As part of the refinancing, the Group repaid the High Yield Bond and subscribed to a new Term Loan (see Note 22).

The accompanying notes are an integral part of the consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(In thousands of euros)	Attributable to owners of the parent						
	Share capital	Share premium	Retained earnings	Currency translation difference	Total	Non-controlling interest	Total equity
Balance as of January 1, 2015	**5,545**	**49,905**	**(24,534)**	**63**	**30,979**	**-**	**30,979**
Issue of ordinary shares	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Profit (loss) for the period	-		(22,622)		(22,622)	-	(22,622)
Other comprehensive income for the period	-			51	51	-	51
Balance as of June 30, 2015	**5,545**	**49,905**	**(47,156)**	**114**	**8,408**	**-**	**8,408**
Balance as of January 1, 2016	**5,545**	**49,905**	**(38,334)**	**250**	**17,368**	**-**	**17,368**
Impact of the corporate reorganization prior to the IPO *(1)*	110,545	(38,158)	253,496	-	325,883	-	325,883
Merger of Luxco 1 bis with and into Luxco 3			*325,883*		*325,883*		*325,883*
Merger of Luxco 3 with and into MDM SA	*40,550*		*(40,550)*		-		-
MDM SA as new parent of the group	*75,540*	*11,747*	*(87,287)*		-		-
Cancellation of Luxco 3 share capital	*(5,545)*	*(49,905)*	*55,450*		-		-
Issue of ordinary shares (net of underwriting fees) *(2)*	30,494	123,324			153,818		153,818
Dividends					-		-
Profit (loss) for the period			(53,911)		(53,911)		(53,911)
Other comprehensive income for the period			(496)	(90)	(586)		(586)
Balance as of June 30, 2016	**146,584**	**135,071**	**160,755**	**160**	**442,572**	**-**	**442,572**

(1) In the context of the IPO, the following reorganization (see Note 1.1) impacted the change in stockholder's equity:

- *Luxco 1 Bis was merged with and into Magnolia (BC) Midco S.à.r.l ("Luxco 3"), Luxco 3 remaining the parent entity of the Group;*
- *Luxco 3 was merged with and into Maisons du Monde S.A., its direct subsidiary, Maisons du Monde S.A. becoming the new parent entity of the Group.*

(2) As part of the IPO, the Group issued new shares for €160m. The related fees amounted to a gross amount of €9.4m (€6.1m net of deferred tax) (see Note 1.1)

The accompanying notes are an integral part of the consolidated interim financial statements.

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Maisons du Monde S.A. is a limited liability company with a Board of Directors, governed by the laws of France. The address of its registered office is at Le Portereau – 44120, Vertou. Maisons du Monde's shares are listed on Euronext Paris.

These IFRS consolidated interim financial statements comprise Maisons du Monde S.A. and its subsidiaries and joint-ventures (hereafter referred collectively as "the Group" and individually as a "subsidiary" or "joint-venture").

The Group is a fast-growing multichannel retailer of stylish, affordable homeware to a wide customer base in European markets both through its network of stores and its online platform. The product range consists of homeware products, covering a broad range of styles and categories. The product categories include small decorative products, such as household textiles, tableware and kitchenware, mirrors and picture frames, as well as large decorative products and furniture, such as large mirrors and lamps, tables, chairs, armchairs and sofas, cupboards, bookshelves and outdoor furniture.

The condensed interim consolidated financial statements are presented in thousands of euro and have been authorized for issue by the Board of Directors held on July 29, 2016.

Note 1. SIGNIFICANT EVENTS

1.1. Initial Public Offering ("IPO")

Since the end of May, 2016, Maisons du Monde S.A. is listed on the regulated market of Euronext Paris. The listing of the shares is intended to enable the Group to reduce its indebtedness and increase its financial flexibility in order to support its development and growth strategy.

In connection with the Initial Public Offering through the admission on Euronext Paris stock exchange to trading and listing of the shares of Maisons du Monde S.A. (formerly Magnolia (BC) SAS), the shareholders of the Group Maisons du Monde decided to proceed a corporate reorganisation of the group of companies to which the Group Maisons du Monde belongs. The main drivers of this reorganisation were (i) to streamline the holding structure of the Group, (ii) to simplify shareholding at the date of settlement, and by doing so, (iii) to facilitate the IPO.

In this context, the following operations, successively in the chronological order stated below, happened and became effective as from the date of settlement:

- Intermediary holding companies of Magnolia (BC) Midco S.à.r.l. ("Luxco 3") were merged with and into Magnolia (BC) Holdco 1 Bis S.C.A. ("Luxco 1 Bis"), Luxco 1 Bis becoming the parent entity of Luxco 3;
- Luxco 1 Bis was merged with and into Luxco 3, Luxco 3 remaining the parent entity of the Group;
- Magnolia (BC) S.A. ("Luxco 4") was merged with and into Luxco 3, Luxco 3 remaining the parent entity of the Group;
- Luxco 3 was merged with and into Maisons du Monde S.A., its direct subsidiary, Maisons du Monde S.A. becoming the new parent entity of the Group.

This reorganisation had the following significant impacts on the financial statements:

- The Preferred Equity Instrument (PECs) issued by Luxco 3 to its former parent company has been cancelled (see Note 22);

- One of the liabilities of the absorbed companies transferred to the Group was a debt of €62.8m related to a vendor loan resulting from the acquisition of the Group by Bain Capital in 2013. This liability was fully repaid during the period (see Note 22);
- Maisons du Monde S.A. ultimately proceeded a share capital increase in consideration for the transfer by operation of laws of all assets and liabilities of the absorbed companies.

1.2. Refinancing

In connection with the Initial Public Offering, the Group has decided to refinance and repay certain of its outstanding indebtedness in order to improve the Group's leverage ratio and reduce its interest expense (see Note 22). This refinancing had the following significant impacts on the financial statements:

- the €325m High Yield Bond issued by Luxco 4 including accrued interests has been repaid in full (see Note 22);
- Maisons du Monde S.A. had to pay a €19.7m premium to Bondholders due to early redemption (see Note 11);
- Issuance fees related to previous financing structure (High Yield Bond and Revolving Credit Facility) have been booked through P&L for €16.7m (see Note 11);
- Maisons du Monde S.A. entered into a new senior credit facility including a term loan of €250m and a new revolving credit facility (see Note 22).

1.3. Fees related to the Initial Public Offering and to the refinancing

The fees linked to the Initial Public Offering (see Note 1.1) and the refinancing (see Note 1.2) of the Group amounts to €61.3m, broken down as follows as of June 30, 2016:

		P&L IMPACT				BALANCE SHEET IMPACT	
(In thousands of euros)	**Total fees**	**Other operation income and expense** *(1)*	**Cost of net debt** *(2)*	**Finance costs** *(2)*	**Total P&L**	**Equity** *(3)*	**Borrowings**
IPO related fees	(20,498)	(11,092)			(11,092)	(9,406)	
Issuance fees amortized over the Term Loan and RCF duration ("new" financing)	(4,481)		(68)		(68)		(4,413)
High Yield early redemption fees	(19,693)			(19,693)	(19,693)		
Issuance fees not yet amortized at the date of the IPO ("previous" financing)	(16,659)			(16,659)	(16,659)		
Total fees	**(61,331)**	**(11,092)**	**(68)**	**(36,352)**	**(47,512)**	**(9,406)**	**(4,413)**

(1) See Note 10

(2) See Note 11

(3) Gross amount of €.9,4m – presented net of €.3,2m deferred tax in the consolidated statement of changes in equity

1.4. Changes of the scope consolidation

As stated in the Note 1.1, the IPO preliminary reorganization steps involved the merger of intermediary holding companies, listed on the table below, which were ultimately controlled by the same party, Bain Capital. Analysed as a common control transaction, the transferred assets and liabilities of these companies have been recorded at book value.

Subsidiary	Activity	Country of incorporation	Consolidation from
Magnolia (BC) Holdco 1 Bis S.C.A ("Luxco 1 Bis") Magnolia (BC) Luxco S.C.A ("Luxco 2") Cadr'Academy 5 Cadr'Academy 4 Cadr'Academy 3	Holding Company	Luxemburg	May 31th, 2016

Those entities were acquired and merged during the period.

Note 2. ACCOUNTING POLICIES

2.1. Basis of preparation

The condensed consolidated financial statements for the six-month period ended June 30, 2016 have been prepared in accordance with IAS 34 – Interim Financial Reporting. The accompanying notes therefore relate to significant events and transactions of the period, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2015.

The accounting policies used in the preparation of the consolidated financial statements as of June 30, 2016 comply with international financial reporting standards (IFRS) as endorsed by the European Union. The accounting policies applied as of June 30, 2016 are identical to those described in the notes to the published consolidated financial statements as of December 31, 2015.

As a consequence of the IPO process, Maisons du Monde S.A. is now a listed company presenting condensed consolidated interim financial statements. Comparatives figures are Magnolia (BC) Midco S.à.r.l. financial statements for the year ended December 31, 2015 and for the period ended June 30, 2015. Magnolia (BC) Midco S.à.r.l. financial statements as at December 31, 2015 were included in the registration document for IPO process.

Since January 1st, 2016, the Group applies hedging accounting according to IAS 39 (see Note 20).

Financial data is presented in thousands of euros. It is rounded to the nearest thousand, unless otherwise indicated. In certain cases, rounding may cause non-material discrepancies in the lines and columns showing totals.

2.2. New standards, amendments and interpretations

a) *New standards, amendments to existing standards and interpretations whose application was mandatory for the period ended June 30, 2016*

Adopted by the European Union:

- Amendments to IAS 27 - Equity Method in Separate Financial Statements
- Amendments to IAS 1 - Disclosure Initiative
- Annual Improvements to IFRSs 2012–2014 Cycle
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations

b) *New standards, amendments to existing standards and interpretations applicable in future years and not early adopted by the Group*

Not yet adopted by the European Union:

- IFRS 9 - Financial instruments
- IFRS 15 - Revenue from contracts with customers
- IFRS 16 - Leases
- Amendment to IAS 12 - Recognition of deferred tax assets for unrealised losses
- Clarification to IFRS 15 - Revenue from contracts with customers

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of these standards mentioned above.

2.3. Critical estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

Estimates are made based on a going concern assumption and on information available at the date of their preparation. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations about future events that may have a financial impact on the entity and are believed to be reasonable under the circumstances. When the Group makes estimates and assumptions concerning the future, the resulting accounting estimates will, by definition, seldom equal the related actual results.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are valuation of intangible assets (goodwill and trademarks), deferred income tax, financial instruments and classification of financial instruments.

As explained in Note 7.9 in the 2015 annual report, goodwill is not amortized but tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

Note 3. SEASONALITY

The decoration and furniture market in which the Group operates is subject to seasonal fluctuations. The Group's results for any quarter may not necessarily be indicative of the results that may be achieved for the full financial year.

The Group's quarterly results have fluctuated in the past and may fluctuate significantly in the future, depending upon a variety of factors, including, among other things, the Group's product offerings, store openings, store closings, level of home remodelings or relocations, shifts in the timing of holidays, timing of catalog releases, timing of delivery of orders, competitive factors and general economic conditions.

In addition, the Group has historically generated, and expects to continue to generate, higher results of operations and EBITDA in the fourth quarter of its financial year, corresponding to the winter selling season. However, the Group's fixed costs, including personnel costs, leases, general and administrative expenses, are more evenly distributed over the course of the year.

NOTES ON CONSOLIDATED INTERIM INCOME STATEMENT

Note 4. GEOGRAPHICAL SEGMENT INFORMATION

The customer sales, EBITDA and Goodwill, other intangible assets and property, plant and equipment are broken down by geographical segment. The Group's activities are divided into two geographical segments as follows:

- France;
- International.

In addition, the corporate segment includes holdings operating activities, including assets that can't be allocated to segments and CICE. Corporate segment does not include any revenue and consists mainly of corporate expenses related to finance, legal, human resources, IT department as well as expenses related to design, procurement, customer relationship management (CRM) and merchandising department.

The Group defines its annual EBITDA as its current operating profit before other operating income and expenses excluding:

i) depreciation, amortization and allowance for provisions and,

ii) the change in fair value of its derivative instruments, which are both non-cash items, as well as,

iii) the management fees paid to the controlling shareholders to cover for management and administrative expenses and,

iv) store pre-opening expenses which relate to expenses incurred prior to the opening of new stores.

Half-yearly EBITDA uses the same definition as annual EBITDA except that it includes (i) a pro rata amount of the annual catalog related expenses that were borne in the first-half 2015 and 2016 and (ii) a pro rata amount of the annual impact of IFRIC 21 on costs related to some government levies that were accounted for in full in the first-half of 2015 and 2016.

EBITDA by geographical segment includes:

- Allocations of certain marketing expenses related to stores as well as online operating and marketing expenses. Such expenses are allocated by segment based on customer sales or online revenue per country;
- Allocation of EBITDA of the logistical entities to the segments based on their respective contribution to margin.

Revenue and EBITDA related to B to B activity has been fully allocated to segment – France.

(In thousands of euros)	**Half-year 2016**	**Half-year 2015**	**Full year 2015**
Customer sales	389,596	304,273	699,398
Sales to franchise and promotional sales	1,343	1,090	2,003
Retail Revenue	***390,939***	***305,362***	***701,401***
Customer sales			
France	249,983	199,364	460,154
International	139,613	104,909	239,244
Current operating profit before other operating income and expense	4,891	11,310	65,469
Depreciation, amortization and allowance for provisions	13,522	12,321	25,418
Change in fair value - Derivative financial instruments	11,343	(7,026)	(2,743)
Management fees	789	950	2,933
Expenses prior to openings	1,606	1,114	3,439
Catalogs related expenses	6,815	6,735	-
IFRIC 21 costs	1,332	856	-
EBITDA	**40,297**	**26,260**	**94,516**
France	45,830	32,123	99,998
International	20,789	16,260	42,648
Corporate	(26,322)	(22,122)	(48,130)
Goodwill, other intangible assets and property, plant and equipment	687,445	668,453	679,963
France	330,388	321,085	328,952
International	143,949	132,287	137,115
Corporate	213,108	215,081	213,897

Note 5. REVENUE

Revenue is broken down as follows:

(In thousands of euros)	**Half-year 2016**	**Half-year 2015**	**Full year 2015**
Customer sales	389,596	304,273	699,398
Sales to franchise and promotional sales	1,343	1,090	2,003
Retail Revenue	**390,939**	**305,362**	**701,401**
Transportation to customers	8,053	6,169	13,197
Supply Chain services	1,071	1,498	2,770
Other services	425	800	1,573
Eco-contribution	968	680	1,392
Capitalized production	715	704	1,340
Sundry revenue	197	284	1,743
Other Revenue	**11,429**	**10,135**	**22,015**
Total revenue	**402,369**	**315,498**	**723,416**

Customer sales are broken down by channel and product category as follows:

(In thousands of euros)	**Half-year 2016**	**Half-year 2015**	**Full year 2015**
Stores	312,458	249,056	578,774
Web	77,138	55,216	120,624
Customer sales	***389,596***	***304,273***	***699,398***

(In thousands of euros)	**Half-year 2016**	**Half-year 2015**	**Full year 2015**
Decoration	202,269	157,925	394,463
Furniture	187,327	146,348	304,935
Customer sales	***389,596***	***304,273***	***699,398***

Note 6. GROSS MARGIN

(In thousands of euros)	**Half-year 2016**	**Half-year 2015**	**Full year 2015**
Customer sales	389,596	304,273	699,398
Cost of sales	(132,350)	(101,963)	(225,292)
Gross margin	**257,247**	**202,310**	**474,106**
Gross margin (%)	***66.0%***	***66.5%***	***67.8%***

Note 7. PERSONNEL EXPENSES

Personnel expenses are broken down as follows:

(In thousands of euros)	**Half-year 2016**	**Half-year 2015**	**Full year 2015**
Wages and salaries	(59,634)	(50,583)	(107,241)
Social security costs	(18,593)	(16,133)	(35,310)
Employee profit-sharing	(2,608)	(961)	(4,892)
Post-employment expenses - Defined benefit plans	(506)	-	(1,104)
Total personnel expenses	**(81,340)**	**(67,677)**	**(148,547)**

The average number of full-time employees (FTE) is 4 470 for the first-half 2016 (excluding Mekong Furniture) and 4 027 for the first-half year 2015.

Note 8. EXTERNAL EXPENSES

External expenses are broken down as follows:

(In thousands of euros)	Half-year 2016	Half-year 2015	Full year 2015
Energy	(8,033)	(6,729)	(14,093)
Eco-contribution	(975)	(680)	(1,392)
Leases and related expenses	(47,083)	(41,735)	(85,460)
Rental	(3,072)	(2,369)	(5,304)
Repairs and maintenance	(5,917)	(4,825)	(10,265)
Insurance	(835)	(711)	(1,469)
Temporary staff	(7,392)	(3,549)	(10,777)
Advertising & marketing	(22,689)	(18,262)	(24,078)
Fees	(5,386)	(4,595)	(12,159)
Transportation	(39,171)	(30,100)	(65,356)
Post & Telecom	(2,005)	(2,514)	(4,442)
Travel & meeting expenses	(3,704)	(3,067)	(5,887)
Bank services	(2,523)	(1,900)	(4,382)
Taxes other than on income	(6,722)	(6,071)	(10,274)
Other external expenses	(505)	(397)	(932)
Total external expenses	**(156,011)**	**(127,502)**	**(256,269)**

Note 9. OTHER INCOME AND EXPENSES FROM OPERATIONS

Other income and expenses from operations are broken down as follows:

(In thousands of euros)	Half-year 2016	Half-year 2015	Full year 2015
Pre-opening expenses	(1,606)	(1,114)	(3,439)
Gains and losses on disposals *(1)*	128	(249)	(450)
Commercial disputes & losses	(1,191)	(215)	(801)
Leases & related expenses *(1)*	(35)	(82)	(351)
Other income and expenses from operations	(209)	(93)	(123)
Total other operating income/ expenses from operations - net	**(2,912)**	**(1,752)**	**(5,164)**

(1) Relate to stores relocated in the same area.

Note 10. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses are broken down as follows:

(In thousands of euros)	Half-year 2016	Half-year 2015	Full year 2015
Gains and losses on disposals *(1)*	585	(1,106)	-
Provision for closure of store *(1)*	(35)	1,140	387
Restructuring costs	-		(1,006)
Other operating income & expense	-	(322)	-
Fees linked to the IPO *(see Note 1.3)*	(11,092)		
Total other operating income/ (expenses) - net	**(10,542)**	**(288)**	**(619)**

(1) Relate to stores not replaced by another MDM store in the same area (no relocation).

Note 11. FINANCIAL INCOME AND EXPENSES

Finance income and expenses are broken down as follows:

(In thousands of euros)	Half-year 2016	Half-year 2015	Full year 2015
Interest on bond loans	(13,273)	(15,711)	(31,743)
Interests on loans, including RCF	(820)	(895)	(1,900)
Interests on PECS	(15,800)	(17,212)	(36,110)
Cost of net debt "former" financing	**(29,893)**	**(33,818)**	**(69,753)**
Interest on Term loan	(519)	-	-
Interests on loans, including RCF	(113)	-	-
Cost of net debt "new" financing	**(632)**	-	-
Revenue from cash and cash equivalents	31	55	127
Interest on bank overdrafts	(26)	(24)	(33)
Cost of net debt	***(30,520)***	***(33,787)***	***(69,659)***
Finance lease	(28)	(52)	(93)
Exchange gains and losses	201	288	373
Commission costs	(753)	(574)	(1,317)
Other finance income & costs *(1)*	(35,966)	-	10
Total financial profit (loss) - net	***(67,060)***	***(34,125)***	***(70,686)***

(1) Of which:
- *€19.7m related to the high yield early redemption fees (see Note 1.3).*
- *€16.7m of issuance fees not yet amortized at the date of the termination of the RCF and at the date of the repayment of the High Yield Bond (see Note 1.3).*

Note 12. INCOME TAX

Income tax is broken down as follows:

(In thousands of euros)	Half-year 2016	Half-year 2015	Full year 2015
Current income tax	(2,654)	(2,285)	(6,922)
Deferred tax	21,455	2,768	(1,245)
Total income tax	**18,801**	**483**	**(8,167)**

Note 13. EARNINGS PER SHARE

13.1. Basic earnings per share

(In thousands of euros, unless otherwise stated)	Half-year 2016	Half-year 2015	Full year 2015
Profit (loss) for the period attributable to owners of the parent	(53,911)	(22,622)	(13,923)
Weighted average number of ordinary shares *(in thousands)*	26,949	23,315	23,315
Total basic earnings per share	**(2.00)**	**(0.97)**	**(0.60)**

In compliance with "IAS 33- Earnings per share", the weighted average number of ordinary shares in the first half of 2016 (and for all presently shown periods) has been adjusted to take into account events that impacted the number of outstanding shares without having a corresponding impact on the entity's resources.

As a consequence of the corporate reorganization, Maisons du Monde S.A. became the new parent entity of the Group instead of Luxco 3 as of May 31, 2016. As part of this corporate reorganization and before the IPO, the initial number of ordinary shares of Maisons du monde S.A. as of January 1st, 2016 (139,889,001) has increased by 3 shares in order to proceed a reverse stock split that led to a decrease in the number of ordinary shares from 139,889,001 to 23,314,834.

For comparison purposes, this new number of ordinary shares (23,314,834) has been used for the calculation of the weighted average number of outstanding ordinary shares for presented past periods and has been considered as the number of shares as of January 1st, 2016.

In addition the share capital increases due to the merger with Luxco 3 and the IPO have been taken into account for the calculation of the weighted average number of outstanding ordinary shares for the six-month period ended June 30, 2016 and led to a number of ordinary shares of 45,241,894 as of June 30, 2016.

13.2. Diluted earnings per share

As a result of the corporate reorganization as well as the share capital increase, the share capital of the Group as of June 30, 2016 is composed of ordinary shares of Maisons du Monde S.A.

As Maisons du Monde S.A. did not issue any dilutive instruments, diluted earnings per share equal to basic earnings per share for the periods presented.

NOTES ON CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

Note 14. GOODWILL

(in thousands of euros)	France	International	Total
Balance as of January 1, 2015	**240,949**	**80,234**	**321,183**
Acquisitions	-	-	-
Disposals	-	-	-
Impairment	-	-	-
Currency translation differences	-	-	-
Balance as of June 30, 2015	**240,949**	**80,234**	**321,183**
Balance as of January 1, 2016	**240,949**	**80,234**	**321,183**
Acquisitions	-	-	-
Disposals		-	-
Impairment	-	-	-
Currency translation differences	-	-	-
Balance as of June 30, 2016	**240,949**	**80,234**	**321,183**

The impairment test as at December 31, 2015 supported the Group's opinion that goodwill was not impaired. As at June 30, 2016 the Group considers that the assumptions used to assess the recoverable value of the goodwill as at December 31, 2015 are not substantially modified.

No impairment loss was recorded for 2015 and 2016.

Note 15. OTHER INTANGIBLE ASSETS

(in thousands of euros)	Brand, Trademarks , licenses, patents	Commercial leasehold rights	Internally generated software development costs	Other	Total
Gross value	215,013	32,427	2,506	1,201	251,147
Accumulated amortization and impairment	(6,744)	(3,678)	(1,522)	(486)	(12,430)
Carrying amount as of June 30, 2015	**208,269**	**28,749**	**984**	**715**	**238,717**
Gross value	216,721	35,720	4,114	1,204	257,758
Accumulated amortization and impairment	(8,147)	(3,620)	(2,232)	(579)	(14,578)
Carrying amount as of June 30, 2016	**208,574**	**32,099**	**1,882**	**625**	**243,180**

As at 30 June 2016, the Group considers that the assumptions used to assess the recoverable value of the intangible assets (especially Brand) as at December 31, 2015 are not substantially modified and it doesn't exist any indication of impairment.

Note 16. PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)	Constructions	Technical installations, industrial equipement and machinery	Other property, plant and equipment	Fixed assets under construction	Total
Carrying amount as of January 1, 2015	**70,797**	**7,089**	**24,492**	**2,528**	**104,906**
Acquisitions	5,821	998	4,022	3,951	14,792
Disposals	(418)	(22)	(41)	-	(481)
Amortization charge	(6,595)	(1,237)	(3,526)	-	(11,358)
Impairment (charge) / release	408	-	-	-	408
Others	1,681	(231)	223	(1,606)	67
Currency translation differences	81	75	45	15	216
Carrying amount as of June 30, 2015	**71,775**	**6,672**	**25,215**	**4,891**	**108,552**
Carrying amount as of January 1, 2016	**78,936**	**7,076**	**27,795**	**2,932**	**116,740**
Acquisitions	10,589	1,738	5,803	2,011	20,141
Disposals	(351)	(125)	(202)	(10)	(688)
Amortization charge	(7,852)	(1,271)	(4,113)	-	(13,236)
Impairment (charge) / release	227	-	-	-	227
Others	1,461	-	9	(1,470)	-
Currency translation differences	(32)	(56)	(11)	(2)	(101)
Carrying amount as of June 30, 2016	**82,978**	**7,362**	**29,281**	**3,461**	**123,082**

Technical installations, industrial equipment and machinery mainly and also other property, plant and equipment include the following amounts where the Group is a lessee under a finance lease:

(in thousands of euros)	**June 30, 2016**	**December 31, 2015**	**June 30, 2015**
Cost-capitalized finance lease	6,856	7,036	7,142
Accumulated depreciation	(5,596)	(5,102)	(4,518)
Net book amount	**1,260**	**1,934**	**2,623**

Note 17. OTHER NON-CURRENT FINANCIAL ASSETS

(In thousands of euros)	**June 30, 2016**	**December 31, 2015**	**June 30, 2015**
Equity securities *(1)*	2,384	2,295	2,280
Loans	2	2	2
Other financial assets *(2)*	12,415	12,308	11,552
Advances and payments on property, plant and equipment	3,250	1,893	2,776
Total Other non-current financial assets	**18,051**	**16,499**	**16,610**

(1) Equity securities mainly correspond to shares in Economic Interest Groups (Groupements d'Intérêt Economique) acquired at opening of retail stores for €2.3m.

(2) Other financial assets relate mainly to securities deposits and guarantees paid or granted to the lessor of the retail store for €12.4m.

Note 18. **DEFERRED INCOME TAX ASSETS AND LIABILITIES**

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

(In thousands of euros)	**June 30, 2016**	**December 31, 2015**	**June 30, 2015**
Deferred income tax assets	40,843	15,904	20,101
Deferred income tax liabilities	(74,789)	(74,789)	(74,929)
Total Deferred income tax assets / (liabilities) - net	**(33,945)**	**(58,884)**	**(54,828)**

The deferred income tax assets and liabilities are offset when they are in the same tax jurisdiction.

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Group recognized a deferred income tax asset on losses available for carry forward.

Note 19. **OTHER NON-CURRENT ASSETS**

The "Other non-current assets" correspond to the commercial leasehold rights, referred to as "Pas de porte", which are recognized as rental expense on a straight-line basis over the estimated term of the lease (see Note 7.9 c) *"Commercial leasehold rights ("Droits au bail" and "Pas de porte")"* of the consolidated financial statements for the year ended December 31, 2015). The current part of the "Pas de porte" is registered in the "Trade receivables & Others current receivables".

Note 20. **DERIVATIVE FINANCIAL INSTRUMENTS**

The fair value of derivative financial instruments is broken down as follows:

	June 30, 2016		**December 31, 2015**		**June 30, 2015**	
(In thousands of euros)	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Forward foreign exchange contracts	12,285	-	23,840	-	30,908	-
Accumulated Boost Forward Contracts	-	-	274	-	(2,511)	-
Total Derivative financial instruments	12,285	-	24,114	-	28,397	-

All contracts are intended to cover the purchase of goods and freight in US Dollars. These derivative financial instruments had a total nominal value of $442.6 million as of June 30, 2016, $392.1 million as of December 31, 2015 and $401.9 million as of June 30, 2015.

For the periods ended December 31, 2013, 2014 and 2015, the Group did not apply hedge accounting. As a consequence, changes in fair value were directly recognised in profit or loss within "Change in fair value – derivative financial instruments" included in the current operating profit before other operating income and expenses.

Since January 1st 2016, the group applies hedge accounting. Change in fair value attributable to the effective portion is directly recognized in equity in the consolidated statement of other comprehensive income. Change in fair value attributable to the ineffective portion is recognized in the income statement within "Current operating profit before other operating income and expenses".

The amount recognized directly in equity at the end of June 2016 is €(0.5)m. The amount recognized in the profit or loss for €(11.3)m corresponds to the derivatives instruments existing at the end of December 2015 and reversed during the first-half of 2016 as well as the time value for the change in fair value of hedging instruments.

Note 21. SHARE CAPITAL AND SHARE PREMIUM

As a consequence of the corporate reorganization described in Note 1.1, the new parent company is Maisons du Monde S.A.

The share capital as of June 30, 2016 is composed of 45,241,894 ordinary shares of Maisons du Monde S.A. Based on a par value of €3.24 per share, Maisons du Monde SA's share capital amounted to €146,583,736.56 as at June 30, 2016.

Note 22. NET DEBT, BORROWINGS AND OTHER FINANCIAL DEBTS

22.1. Net debt

In connection with the IPO, the Group has refinanced and repaid certain of its outstanding indebtedness. The refinancing is designed in particular to improve the Group's leverage ratio and reduce its interest expense.

		Cash impact		Without cash impact				
(In thousands of euros)	**December 31, 2015**	Increase	Decrease	Issuance fees	Interest	Change effect	Other	**June 30, 2016**
PECs *(see a)*	395,839				15,800		(411,639)	-
High yield bond *(see b)*	321,683		(349,294)	15,423	12,188			-
Revolving Credit Facility *(see c)*	(2,461)		(655)	2,591	525			-
"Former" financing	*715,061*	-	*(349,949)*	*18,014*	*28,513*	-	*(411,639)*	-
Term loan *(see d)*	-	246,553	(47)	51	468		1	247,026
Revolving Credit Facility *(see d)*	-	33,966	(5)	17	91		(13)	34,056
"New" financing	-	*280,519*	*(52)*	*68*	*559*	-	*(12)*	*281,082*
Finance Lease Debt	1,995		(695)					1,300
Vendor Loan			(62,798)				62,798	-
Deposits	390		(3)					387
Banks overdrafts	1,625	9,619						11,244
Cash and cash equivalents	(76,398)		38,918					(37,480)
Total Net Debt	**642,673**	**290,138**	**(374,579)**	**18,082**	**29,072**	**-**	**(348,853)**	**256,533**

All the borrowings and other financial debts are denominated in euros as at June 30, 2016, as at December 31, 2015 and as at June 30, 2015.

a) PECS

In August 2013, Luxco 3 issued Preferred Equity Certificates (the "PECs") to Magnolia (BC) S.C.A. for a total amount of €314.2m. The PECs 1 bore interest at a rate of 10.0381% per annum. Interest not paid was capitalized.

Due to the corporate reorganization and in particular the merger with intermediary holding companies (See Note 1.1), the amount of PECs as at May 31, 2016 has been cancelled.

b) High yield bond

On July 31, 2013, the Group issued Senior Secured Notes for an amount of €325m (the "Notes"). The Notes bore interest at a rate of 9%. Issuance costs amounted to €21m. The effective interest rate was therefore 10.58% per annum. The Notes was listed on the Irish Stock Exchange.

The Notes has been fully repaid in connection with the refinancing of the Group, included an early redemption premium for €19.7m (see Note 1.2). The issuance costs as at the repayment date, which were amortized over the duration of the bond according to the effective interest rate method, have been recognized in the financial result of the period (see Note 15).

c) Revolving credit facility

On September 6, 2013, the Group entered into a Revolving Credit Facility with Natixis for a total amount of €60m (the "RCF"). The RCF bore interest at a rate of Euribor 1, 3 or 6 months + 4% margin. Issuance costs amounted to €4.3m.

The RCF has been terminated in connection with the refinancing of the Group (see Note 1.2). The issuance costs as at the cancelation date, which were amortized on a straight line basis over the drawdown period of the RCF, have been recognized in the financial result of the period (see Note 11).

d) Senior Credit Facilities ("Term loan" and "RCF")

On April 18th, 2016, the Group entered into a Senior Credit Facility with a syndicate of international banks. The Senior Credit Facilities comprises a €250m Term loan and a €75m Revolving Credit Facility (of which €35m drawn as at June 30, 2016) and is repayable on May 31st, 2021. Issuance costs amounted to €4.5m.

The interest rate applicable is the Euribor 1, 3 or 6 months plus a certain margin which is initially set at 2.25% for the first twelve months and following that is set in accordance with a margin ratchet linked to the Net Leverage Ratio for the relevant period (under which the margin may increase to a maximum of 2.50%). The applicable Euribor period depends on the interest rate period applicable to the relevant drawdown.

The Senior Credit Facilities agreement includes a financial covenant requiring the Leverage Ratio of any Relevant Period specified below shall not exceed the ratio set out below:

Relevant Period	*Leverage Ratio*
Expiring 30 June 2017	4.50:1
Expiring 31 December 2017	4.25:1
Expiring 30 June 2018	4.00:1
Expiring 31 December 2018	3.75:1
Expiring 31 December 2019	3.75:1
Expiring 31 December 2020	3.75:1

The Leverage Ratio is the ratio of Total Net Debt on the last day of that Relevant Period to Consolidated Pro Forma EBITDA in respect of that Relevant Period.

22.2. Maturity of borrowings and other financial debts

As of June 30, 2016, the maturity ranges of borrowings and other financial debts are as follows:

	Maturity as of June 30, 2016			
(In thousands of euros)	**Less than 1 year**	**From 1 to 5 years**	**More than 5 years**	**Total**
Term loan *(see d)*	(235)	247,261	-	247,026
Revolving Credit Facility *(see d)*	34,867	(811)	-	34,056
Finance leases	930	370	-	1,300
Deposits	-	-	387	387
Bank overdraft	11,244	-	-	11,244
Total borronwings and other financial debts	**46,806**	**246,820**	**387**	**294,013**

22.3. Fixed rate vs. variable rate

(In thousands of euros)	**June 30, 2016**	**December 31, 2015**	**June 30, 2015**
Floating rate	285,513	130	102
Fixed rate	8,500	718,941	704,870
Total borronwings and other financial debts	**294,013**	**719,071**	**704,972**

Since refinancing of the Group, floating rate only relates to principal and interests on term loan and RCF whereas it related only to principal and interests on RCF before refinancing.

Note 23. POST-EMPLOYMENT BENEFITS

The employment benefits provision relates to defined benefit pension plans.

(In thousands of euros)	June 30, 2016	December 31, 2015	June 30, 2015
France	1,892	1,622	1,520
Italy	3,331	3,033	2,588
Defined benefit obligation	**5223**	**4655**	**4108**

Note 24. PROVISIONS

(In thousands of euros)	Provisions for commercial disputes	Provisions for labor disputes	Provision for rent of closed retail stores & commercial leases	Tax Provisions	Total
Balance as of January 1st, 2015	**908**	**1,049**	**342**	**625**	**2,923**
Additionnal provisions	551	310	38	-	899
Unused amounts reversed	-	-	-	-	-
Amounts used during the year	(100)	(300)	(165)	(103)	(668)
Exchange differences	-	-	-	-	-
Reclassification	-	-	-	(133)	(133)
Balance as of June 30, 2015	**1,359**	**1,057**	**215**	**390**	**3,019**
Of which non-current	*1,284*	*987*	*204*	*389*	*2,862*
Of which current	*75*	*71*	*11*	*-*	*157*
Balance as of January 1st, 2016	**808**	**942**	**105**	**440**	**2,295**
Additionnal provisions	50	277	235	-	562
Unused amounts reversed	(82)	(102)	-	(158)	(342)
Amounts used during the year	(85)	(114)	(67)	(67)	(333)
Exchange differences	-	-	-	-	-
Reclassification	-	-	-	-	-
Balance as of June 30, 2016	**690**	**1,003**	**273**	**217**	**2,183**
Of which non-current	*507*	*1,003*	*72*	*122*	*1,704*
Of which current	*183*	*-*	*201*	*95*	*479*

Note 25. OTHER NON-CURRENT LIABILITIES

The "Other non-current liabilities" correspond to the step/ free rent negotiated at the initiation of a lease contract, which are recognized on a straight-line basis over the lease term. The current part of the step/ free rent is registered in the "Trade payables and other current payables".

Note 26. FINANCIAL INSTRUMENTS

As at June 30, 2016, the financial assets and liabilities net carrying value are equal to the fair value, except for Term loan and RCF that are booked at amortized cost.

The derivative financial instruments (see Note 20) are carried at fair value using a valuation method that relies on inputs based on observable market data.

ADDITIONAL INFORMATION

Note 27. Commitments

The off-balance sheet commitments are disclosed in the Note 37 of the consolidated financial statements for the year ended December 31, 2015.

The significant changes in commitments between December 31, 2015 and June 30, 2016 are due to the refinancing of the Group and are as follows:

- The guarantee related to the High Yield Bond and the previous RCF (see Note 37.1 of the consolidated financial statements for the year ended December 31, 2015) have been cancelled
- The shares of Maisons du Monde S.A., Maisons du Monde France, Maisons du Monde Italy, Maisons du Monde Belgium and Maisons du Monde Spain are pledged to guarantee the new term loan of €250m as well as the new revolving credit facility of €75m.

Note 28. Transactions with related parties

The transactions with related parties are disclosed in the Note 38 of the consolidated financial statements for the year ended December 31, 2015.

There were no significant changes in transactions with related parties between December 31, 2015 and June 30, 2016, except the termination of the consulting services agreement with Bain Capital as of May 31, 2016 that lead to a termination fee of €3m which is an IPO related fee recorded in other operating income and expenses (see Note 1.3).

Note 29. Scope of consolidation

The table set out below provides a list of the Group's subsidiaries and shows the ownership interest of Maisons du Monde S.A in each entity as of June 30, 2016 and of Luxco 3 in each entity as of December 31, 2015 (see Note 1.1)

Subsidiary	Activity	Country of incorporation	Consolidation method	As of June 30, 2016		As of December 31, 2015	
				% control	% interest	% control	% interest
Maisons du Monde S.A. *(formerly Magnolia (BC) S.A.S.)*	Holding Company - "New" parent entity	France	Full	100%	100%	100%	100%
Magnolia (BC) Midco S.à.r.l. (Luxco 3) (2)	Holding Company - ex parent entity	Luxemburg	n/a	n/a	n/a	100%	100%
Magnolia (BC) S.A. (Luxco 4) (1)	Holding Company	Luxemburg	n/a	n/a	n/a	100%	100%
Abaco	Holding Company	France	Full	100%	100%	100%	100%
Maisons du Monde	Retail stores selling home furnishings and decorations in France / Main buyer	France	Full	100%	100%	100%	100%
Maisons du Monde Belgium	Retail stores selling home furnishings and decorations in Belgium	Belgium	Full	100%	100%	100%	100%
Maisons du Monde Spain	Retail stores selling home furnishings and decorations in Spain	Spain	Full	100%	100%	100%	100%
Maisons du Monde Italy	Retail stores selling home furnishings and decorations in Italy	Italy	Full	100%	100%	100%	100%
Maisons du Monde luxemburg	Retail stores selling home furnishings and decorations in Luxemburg	Luxemburg	Full	100%	100%	100%	100%
Maisons du Monde germany	Retail stores selling home furnishings and decorations in Germany	Germany	Full	100%	100%	100%	100%
Maisons du Monde Switzerland	Retail stores selling home furnishings and decorations in Switzerland	Switzerland	Full	100%	100%	100%	100%
Distrimag	Logistical management of warehouses and retail stores	France	Full	100%	100%	100%	100%
Distri-traction	Container transport between harbor and warehouses	France	Full	100%	100%	100%	100%
Distri-Meubles	Customer transport of home furnishings and decorations	France	Full	100%	100%	100%	100%
Chin Chin Limited	Holding Company – Hong Kong	Hong Kong	Equity Method	50%	50%	50%	50%
Shanghai Chin Chin	Furniture manufacturing – China	China	Equity Method	50%	50%	50%	50%
Mekong Furniture	Furniture manufacturing – Vietnam	Vietnam	Full	100%	100%	100%	100%
Maison du Monde United-Kingdom (3)	On-line business in United-Kingdom	United Kingdom	Full	100%	100%	n/a	n/a
International MDM	Dormant entity	France	Full	100%	100%	n/a	n/a
International MGL	Dormant entity	France	Full	100%	100%	n/a	n/a

(1) Magnolia (BC) S.A ("Luxco 4") merged into Magnolia (BC) Midco S.à.r.l ("Luxco 3") as of May 31th, 2016 (see Note 1.1).
(2) Magnolia (BC) Midco S.à.r.l ("Luxco 3") merged with and into Maisons du Monde S.A. as of May 31th, 2016 (see Note 1.1).
(3) Maisons du Monde United-Kingdom is a subsidiary created by Maisons du Monde in January 2016.

Note 30. EVENTS AFTER THE REPORTING PERIOD

The Group did not identify any significant event after the reporting period that should be mentioned in these consolidated financial statements.

Note 31. COMPENSATION AND BENEFITS GRANTED TO THE KEY MANAGEMENT PERSONNEL

The significant changes in compensation and benefits granted to the key management personnel between December 31, 2015 and June 30, 2016 are due to the IPO and are as follows:

- The maximum amount of Directors' attendance fees has been set to €0.5m for the year ended December 31, 2016
- Subject to performance criteria, Mr. Gilles Petit will be entitled to receive a severance payment in case he ceases to serve as Chief Executive Officer of the Company.

3. STATUTORY AUDITOR'S LIMITED REVIEW REPORT ON THE 2016 HALF-YEAR FINANCIAL STATEMENTS

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France

Deloitte.
Deloitte & Associés
185 avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex
France

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Maisons du Monde S.A.

Registered office: Le Portereau - 44120 Vertou
Share capital: €.146 583 737

Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from January 1 to June 30, 2016

To the Shareholders,

In compliance with the assignment entrusted to us by our general meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Maisons du Monde S.A., for the period from January 1 to June 30, 2016.
- the verification of the information presented in the half-yearly management report.

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

We highlight that as Maisons du Monde S.A. has prepared condensed consolidated interim financial statements for the first time for the period from January 1 to June 30, 2016 the comparative financial information for the period from January 1 to June 30, 2015 was not subject to an audit nor a review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France 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.

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Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Nantes and Neuilly-sur-Seine, August 2, 2016

KPMG Audit	Deloitte & Associés
Department of KPMG S.A.	
Vincent Broyé	Jean Paul Séguret
Associé	*Associé*

4. DECLARATION BY THE PERSON RESPONSIBLE FOR THE 2016 HALF-YEAR FINANCIAL REPORT

"I declare that, to the best of my knowledge, the condensed financial statements for the half year ended June 30, 2016 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and of all companies within its scope of consolidation, and that the attached activity report presents a faithful representation of the significant events which occurred in the first six months of the fiscal year, their impact on the financial statements, and the main related party transactions, as well as the major risks and uncertainties for the remaining six months of the year."

Vertou, July 29, 2016

Gilles Petit, Chief Executive Officer