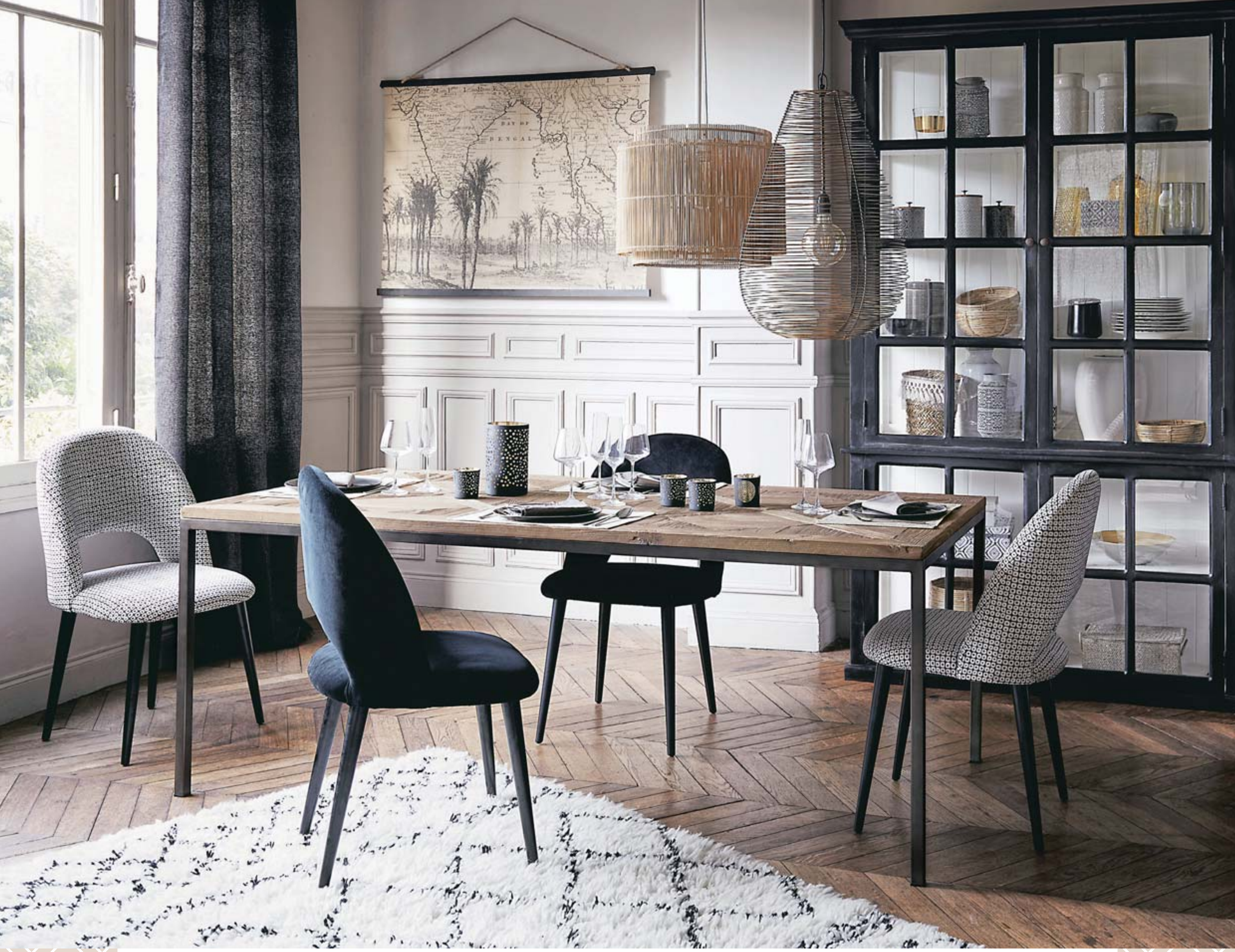


MAISONS DU MONDE

Half-Year 2018 Financial Report

AT 30 JUNE

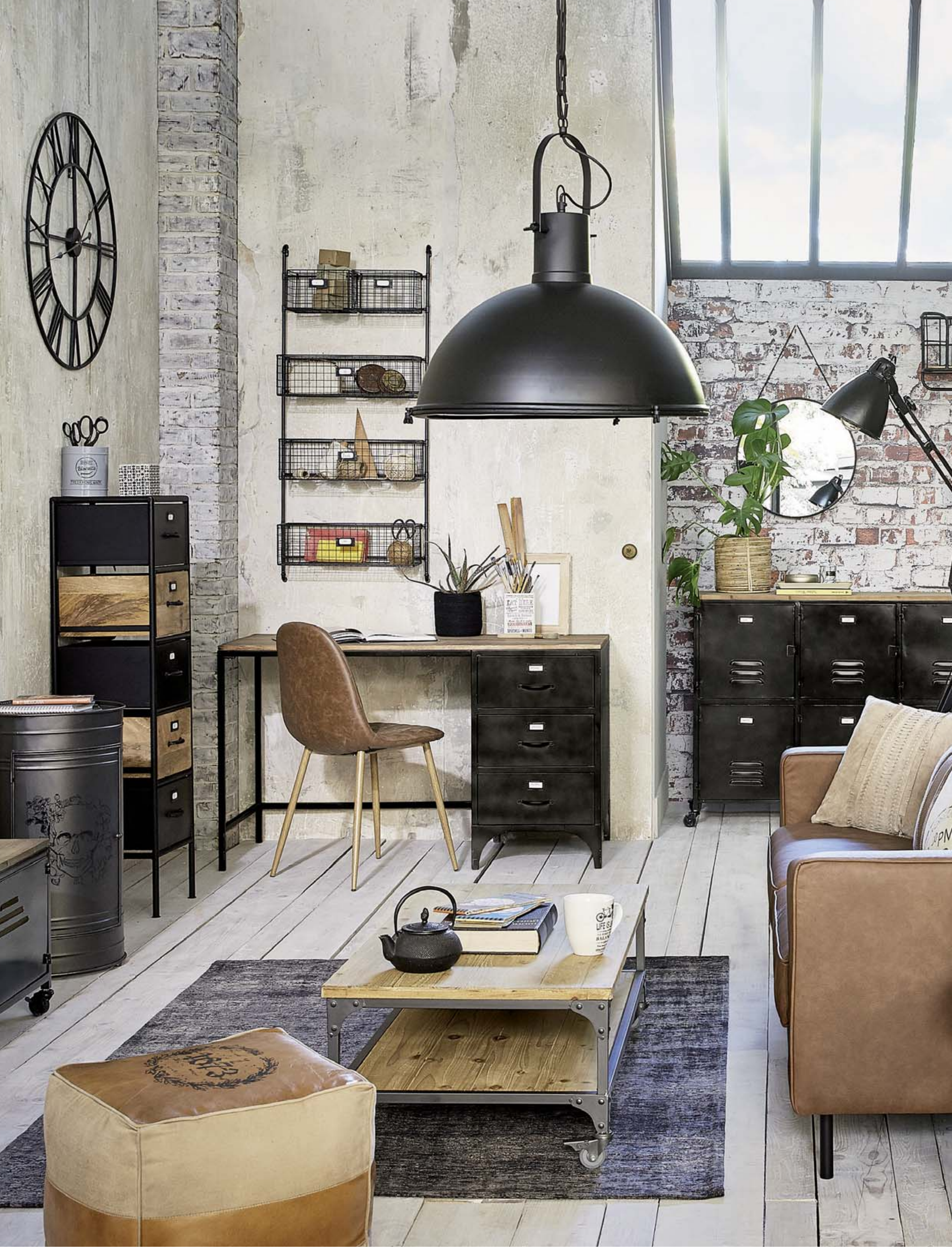
Contents

MAISONS DU MONDE

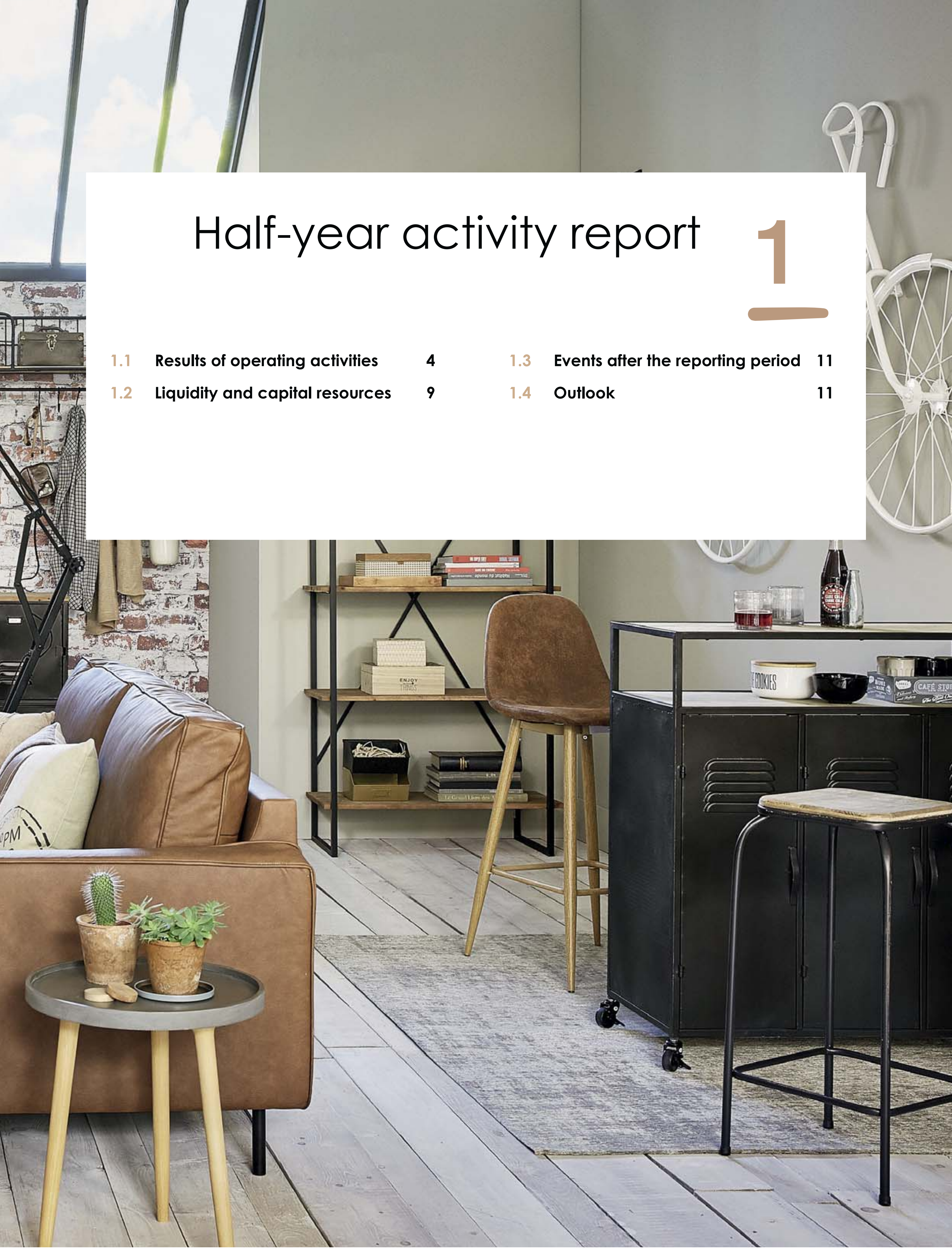
Half-Year 2018 Financial Report at 30 June

Maisons du Monde, creator of inspirational homeware universes, offers a number of original and affordable decoration and furniture collections, in a variety of themes and styles that allow its customers to express

their own styles and tastes.



Half-year activity report 1



1.1 Results of operating activities

1.1.1 KEY METRICS

KEY FINANCIAL METRICS FOR THE FIRST HALF OF 2018

	Six-month period ended 30 June		
(in € millions)	2017	2018	% change
Sales	**456.6**	**507.0**	**+11.0%**
Of which Maisons du Monde	456.6	501.2	+9.8%
% like-for-like change	*+9.0%*	*+4.8%*	-
Of which Modani	-	5.8	n/a
Gross margin	298.2	329.7	+10.6%
As a % of sales	*65.3%*	*65.0%*	*(30) bps*
EBITDA	**43.2**	**48.0**	**+11.1%**
As a % of sales	9.5%	9.5%	-
EBIT	**28.0**	**30.6**	**+9.5%**
As a % of sales	*6.1%*	*6.0%*	*(10) bps*
Net income	**6.2**	**8.1**	**+29.7%**
Net debt	**230.2**	**213.1**	**(7.4)%**
Leverage ratio* *(x)*	1.8 x	1.5 x	(0.3) x

* *Net debt divided by last-twelve-months EBITDA (including Modani on a pro forma basis for the period, excluding the liabilities relative to the earn-out and the put option).*

1.1.2 ANALYSIS OF SALES

SUMMARY OF SALES FOR THE FIRST HALF OF 2018 *

	Six-month period ended 30 June		
(in € millions)	2017	2018	% change
Sales by geography			
France	279.0	299.4	+7.3%
International	177.6	201.8	+13.6%
TOTAL SALES	**456.6**	**501.2**	**+9.8%**
France *(%)*	61.1%	59.7%	-
International *(%)*	38.9%	40.3%	-
TOTAL SALES *(%)*	**100.0%**	**100.0%**	-
Sales by product category			
Decoration	242.9	264.3	+8.8%
Furniture	213.7	236.8	+10.9%
TOTAL SALES	**456.6**	**501.2**	**+9.8%**
Decoration *(%)*	53.2%	52.7%	-
Furniture *(%)*	46.8%	47.3%	-
TOTAL SALES *(%)*	**100.0%**	**100.0%**	-
Sales by distribution channel			
Stores	354.6	381.0	+7.5%
Online	102.0	120.2	+17.8%
TOTAL SALES	**456.6**	**501.2**	**+9.8%**
Stores *(%)*	77.7%	76.0%	-
Online *(%)*	22.3%	24.0%	-
TOTAL SALES *(%)*	**100.0%**	**100.0%**	-

* *Excluding Modani.*

Maisons du Monde posted sales of €507 million in the first half of 2018, up 11.0% year-on-year including Modani and up 9.8% at constant scope. Like-for-like sales growth was 4.8% at constant scope, reflecting a softer-than-expected trading environment in the second quarter, particularly in stores in France. This was due to specific factors such as transport strikes and a stronger-than-anticipated calendar effect in May, which had an unfavorable impact on in-store traffic.

The growth stemmed from all product categories, geographical areas and distribution channels. This performance confirmed once again the robustness of the Group's business model, with its international positioning and omnichannel strategy.

Online sales accounted for 24.0% of the Group's total sales [1] during the period, up 17.8% compared to the first half of 2017.

In the first half of 2018, the Group continued to expand its store network, with 7 net openings during the period, of which 4 stores in France and 3 in other countries. As at 30 June 2018, Maisons du Monde operated 320 stores, of which 216 in France and 104 outside France [1].

A. Sales by geography [1]

In the first half of 2018, the Group's sales in France amounted to €299.4 million, representing 59.7% of total sales, up 7.3% year-on-year, due to solid growth in online sales, the opening of 4 new stores during the period, as well as the half-year effect of store openings in 2017, despite a less favourable trading environment in the second quarter. In the first half of 2018, the Group's sales across international markets rose 13.6% year-on-year to €201.8 million, accounting for 40.3% of total sales, fuelled by the Group's ongoing strong growth in sales on a like-for-like basis, the half-year effect of store openings in 2017, as well as the opening of 3 new stores during the period.

B. Sales by product category [1]

In the first half of 2018, sales of decoration items rose 8.8% year-on-year to €264.3 million, accounting for 52.7% of total sales, while furniture sales increased 10.9% year-on-year to €236.8 million, representing 47.3% of total sales. This performance particularly reflected the solid growth in online sales, where the business mix is more concentrated on furniture sales.

C. Sales by distribution channel [1]

In the first half of 2018, store sales grew 7.5% year-on-year to €381.0 million, or 76.0% of total sales, reflecting solid growth in like-for-like sales and the opening of 7 new stores in the period. Online sales jumped 17.8% to €120.2 million in the first half of 2018 compared to the first half of 2017. The contribution of online sales grew to 24.0% of total sales in the first half of 2018, from 22.3% in the first half of 2017, confirming the value and effectiveness of the Group's omnichannel strategy.

1.1.3 EBITDA ANALYSIS

BREAKDOWN OF EBITDA BY GEOGRAPHY

	Six-month period ended 30 June		
(in € millions)	**2017**	**2018**	**% change**
France	50.8	54.4	+7.2%
International	23.0	27.8	+20.8%
Corporate segment*	(30.6)	(34.2)	+11.9%
EBITDA	**43.2**	**48.0**	**+11.1%**

* *See note 4 "Geographical segment information" in Section 2.6 "Notes on consolidated interim income statement" of Chapter 2 "Condensed consolidated interim financial statements" of this Half-Year Financial report.*

In the first half of 2018, EBITDA amounted to €48.0 million, up 11.1% year-on-year, driven by sales growth during the period. The EBITDA margin remained at 9.5%, unchanged compared to the first half of 2017.

This performance was also attributable to positive operating leverage and effective cost management, which allowed Maisons du Monde to increase its advertising expenses and continue to invest in growth initiatives.

(1) Excluding Modani.

A. EBITDA in France

In France, in the first half of 2018, EBITDA rose 7.2% year-on-year to €54.4 million, reflecting the like-for-like sales growth and the scope effect from new store openings over the period. As a percentage of sales in France, the EBITDA margin (excluding the corporate segment) amounted to 18.2% in the first half of 2018, stable year-on-year.

B. International EBITDA

Outside France, in the first half of 2018, EBITDA rose 20.8% year-on-year to €27.8 million, reflecting strong like-for-like sales growth and the scope effect from new store openings over the period. As a percentage of international sales, the EBITDA margin (excluding the corporate segment) amounted to 13.4% in the first half of 2018 compared to 12.9% in the first half of 2017, on account of the ramp-up of store openings in the last countries in which the Group started to operate (namely Germany and Switzerland).

1.1.4 INCOME STATEMENT ANALYSIS

SIMPLIFIED CONSOLIDATED INCOME STATEMENT

	Six-month period ended 30 June	
(in € millions)	**2017**	**2018**
Sales	**456.6**	**507.0**
Sales to franchise and promotional sales	2.8	2.9
Other revenue from ordinary activities	10.3	12.0
Revenue	**469.7**	**522.0**
Cost of sales	(158.4)	(177.3)
Personnel expenses	(91.0)	(102.4)
External expenses	(183.1)	(200.8)
Depreciation, amortisation, and allowance for provisions	(15.2)	(17.4)
Fair value – derivative financial instruments	(2.4)	(0.8)
Other income and expenses from operations	(2.9)	(2.1)
Current operating profit	**16.6**	**21.2**
Other operating income and expenses	(0.9)	(2.7)
Operating profit	**15.8**	**18.5**
Financial profit (loss)	(4.2)	(4.5)
Share of profit of equity-accounted subsidiaries	-	-
Profit/(loss) before income tax	**11.6**	**14.0**
Income tax	(5.4)	(5.9)
NET INCOME	**6.2**	**8.1**

A. Revenue

In the first half of 2018, the Group's **sales** came in at €507.0 million, up 11.0% year-on-year including Modani, and 9.8% on a like-for-like basis. This rise was attributable to 4.8% growth in sales on a like-for-like basis, as well as a scope effect from the opening of 7 new stores during the period, the full half-year impact of the store openings in 2017, and the acquisition of Modani.

The contribution from other revenue reached €14.9 million in the first half of 2018, compared to €13.1 million in the first half of 2017, mainly due to a higher volume of transportation services sold to customers, reflecting the growth in sales.

In view of all these elements, the Group's **consolidated revenue** increased by €52.3 million to €522.0 million in the first half of 2018, a rise of 11.1% compared with the first half of 2017.

B. Gross margin

The **cost of sales** increased by €18.9 million, or 11.9%, to €177.3 million in the first half of 2018, compared to €158.4 million in the first half of 2017. As a percentage of sales, the cost of sales amounted to 35.0% in the first half of 2018 compared to 34.7% in the first half of 2017. This increase was mainly attributable to a shift in the product mix in favour of furniture, and the consolidation of Modani.

In the first half of 2018, the Group posted a **gross margin** of €329.7 million, or 65.0% of sales, compared with €298.2 million, or 65.3% of sales, in the first half of 2017.

C. Current operating profit

Personnel expenses increased by €11.4 million, or 12.5%, to €102.4 million in the first half of 2018, compared with €91.0 million in the first half of 2017, as the average workforce (excluding Mekong Furniture) increased from 5,002 full-time equivalents (FTE) for the first half of 2017 to 5,494 for the first half of 2018. This increase was mainly attributable to new store openings and the half-year impact of additional resources hired in 2017 and early 2018 for central functions.

Expressed as a percentage of sales, external expenses amounted to 20.2% in the first half of 2018, compared with 19.9% in the first half of 2017, mainly due to: (i) the relative stability of personnel expenses for comparable stores in a context of sales growth, and (ii) changes in the sales mix by distribution channel, with lower payroll costs for online sales (with a stronger increase in online sales relative to in-store sales during the period), offset by (iii) an increase of €1.4 million in employee profit-sharing and incentives (including social security contributions).

External expenses rose by €17.7 million, or 9.7%, to €200.8 million in the first half of 2018, compared to €183.1 million in the first half of 2017. A number of factors contributed to this increase: (i) the 12.1% increase in transportation costs due to higher sales, (ii) the expansion of retail trading space as a result of net store openings, which expanded from approximately 343,000 square metres as at 30 June 2017 to approximately 371,000 square metres as at 30 June 2018, with a resulting increase in rents and related charges, energy expenditure and repair and maintenance costs, (iii) increased demand for temporary staff as part of the optimisation of the sales and logistics workforces, and (iv) the planned increase in advertising expenses.

As a percentage of sales, external expenses amounted to 39.6% in the first half of 2018, compared with 40.1% in the first half of 2017. This drop particularly reflects effective cost control in logistics and store operations. In addition, the Group further strengthened its omnichannel and international business model by focusing on its four strategic priorities: propose an attractive offer for customers, continue to invest in store network expansion, enhance the omnichannel customer approach, and accelerate the Group's CRM strategy.

Depreciation, amortisation and provisions rose by €2.2 million, or 14.1%, to €17.4 million in the first half of 2018, compared with €15.2 million in the first half of 2017, primarily driven by the depreciation of fixed assets related to new store openings in 2017 and 2018.

Depreciation, amortisation, and provisions amounted to 3.4% of sales in the first half of 2018, compared with 3.3% in the first half of 2017.

The **change in the fair value of derivative financial instruments**, which hedge or enable the hedging of all Group purchases of goods and sea freight denominated in US dollars for Maisons du Monde operations, amounted to an expense of €0.8 million in the first half of 2018, compared to an expense of €2.4 million in the first half of 2017.

Since 1 January 2016, the Group has applied hedge accounting, which reduces the charges in the consolidated income statement, as only the ineffective portion of the change in the fair value of the hedge is recognised. The difference between the two accounting options consists of having an equity impact (new accounting option) instead of an income statement impact (previous accounting option) for the recognition of the change in fair value of the hedging contracts. The first half of 2017 was impacted by the use of the derivatives held by the Group at 31 December 2015. At 30 June 2017, all of the derivative financial instruments held by the Group at 31 December 2015 had been used.

Other operating income and expense amounted to a net expense of €2.1 million in the first half of 2018, compared to a net expense of €2.9 million in the first half of 2017. This change was mainly attributable to the drop in store pre-opening expenses due to the decrease in the number of openings, and trade disputes which, by definition, can be volatile.

In the first half of 2018, the Group posted €21.2 million in **current operating profit**, up from €16.6 million in the first half of 2017. Adjusted for the effect of the change in the fair value of derivative financial instruments, current operating profit rose by €3.0 million to €22.0 million in the first half of 2018, from €19.0 million in the first half of 2017.

D. Operating profit

Other operating income and expenses amounted to a net expense of €2.7 million in the first half of 2018, compared with a net expense of €0.9 million in the first half of 2017. This change was due to the following: an increase in costs for the closing of stores without their relocation (€0.4 million), Modani acquisition costs (€0.8 million), and costs relating to the change in governance (€0.9 million)

In the first half of 2018, the Group posted current **operating profit** of €18.5 million, up from €15.8 million in the first half of 2017.

E. Financial profit/(loss)

The **net financial expense** increased by €0.4 million to €4.5 million in the first half of 2018, up from €4.2 million in the first half of 2017. This increase was mainly attributable to the change in foreign exchange gains/(losses), which were partly offset by an improvement in the cost of the debt due to (i) the impact of the refinancing of the debt through an OCEANE bond issue at the end of 2017, (ii) less reliance on the revolving credit facility, given the Group's cash position over the period, (iii) and a drop in interest rates (for the long-term loan and the revolving credit facility), given the debt leverage.

F. Income tax

Income tax represented an expense of €5.9 million in the first half of 2018, compared with €5.4 million in the first half of 2017.

For the first half of 2018, the income tax expense included the following: (i) €6.2 million in tax due (compared with €5.3 million in the first half of 2017), including trade taxes such as the French *CVAE* tax, the Italian *IRAP* tax and the German *Gewerbesteuer* tax for €2.9 million (compared with €2.2 million in the first half of 2017), and (ii) €0.3 million in deferred tax income (compared with a €0.1 million expense in the first half of 2017).

G. Net income

In the first half of 2018, the Group posted a **profit** of €8.1 million, compared with €6.2 million in the first half of 2017. The Group share amounts to €8.0 million.

1.1.5 NON-IFRS FINANCIAL METRICS

RECONCILIATION OF EBITDA

	Six-month period ended 30 June	
(in € millions)	**2017**	**2018**
Current operating profit	**16.6**	**21.2**
Depreciation, amortisation, and allowance for provisions	15.2	17.4
Fair value – derivative financial instruments	2.4	0.8
Expenses prior to openings	1.5	0.9
Prorata – catalogue-related expenses	6.7	6.9
Prorata – taxes (IFRIC 21)	0.7	0.8
EBITDA	**43.2**	**48.0**

EBIT RECONCILIATION

	Six-month period ended 30 June	
(in € millions)	**2017**	**2018**
EBITDA	43.2	48.0
Depreciation, amortisation, and allowance for provisions	(15.2)	(17.4)
EBIT	**28.0**	**30.6**

1.2 Liquidity and capital resources

1.2.1 ANALYSIS OF CASH FLOWS

The table below shows the Group's consolidated cash flows for the six-month periods ended 30 June 2017 and 30 June 2018.

	Six-month period ended 30 June	
(in € millions)	**2017**	**2018**
Net cash generated by/(used in) operating activities	27.7	(8.7)
Net cash generated by/(used in) investment activities	(27.2)	(53.3)
Net cash flow from/(used in) financing activities	(14.9)	(2.4)
Net increase/(decrease) in cash and cash equivalents	**(14.4)**	**(64.4)**
Cash and cash equivalents at beginning of period	59.7	100.4
Net change in cash flow	(14.4)	(64.4)
Exchange gains/(losses) on cash and cash equivalents	(0.0)	0.3
Cash and cash equivalents at end of period	**45.3**	**36.0**

The table below shows the statement of cash flows related to operating activities, investment activities and cash flows before financing activities for the six-month periods ended 30 June 2017 and 30 June 2018.

	Six-month period ended 30 June	
(in € millions)	**2017**	**2018**
EBITDA	**43.2**	**48.0**
Change in operating working capital requirements	(3.4)	(44.2)
Income tax paid	(3.6)	(3.2)
Pre-opening expenses	(1.5)	(0.9)
Prorata – catalogue-related expenses	(6.7)	(6.9)
Prorata – taxes (IFRIC 21)	(0.7)	(0.8)
Change in other operating items	0.4	(0.7)
Net cash generated by/(used in) operating activities	**27.7**	**(8.7)**
Capital expenditure	(24.0)	(15.9)
Acquisition of subsidiaries, net of cash acquired	-	(36.3)
Change in debts on fixed assets and proceeds from sale of non-current assets	(3.2)	(1.1)
Net cash generated by/(used in) investing activities	**(27.2)**	**(53.3)**
Free cash flow before financing activities	**0.5**	**(62.0)**
Free cash flow before financing activities and before acquisition of subsidiaries (net of cash acquired)	**0.5**	**(25.7)**

The **Group** recorded a net cash inflow from **operating activities** of €27.7 million in the first half of 2017 (versus a net cash outflow of €8.7 million in the first half of 2018), primarily reflecting: (i) a gain of €38.7 million in pre-tax profit/(loss) for the period after restatement for the cost of net indebtedness in the amount of €3.1 million and a non-cash expense of €19.5 million (corresponding primarily to a €18.8 million expense for depreciation, amortisation, and allowance for provisions, and a €0.8 million negative change in the fair value of hedging derivative instruments), (ii) a €44.2 million negative change in operating working capital requirements, and (iii) a €3.2 million cash outflow attributable to the payment of income tax.

The **change in operating working capital requirements** had a negative impact of €44.2 million on cash flow in the first half of 2018 (compared with a negative impact of €3.4 million in the first half of 2017), due to the €31.1 million decrease in trade payables and other payables as well as a €28.5 million increase in inventories, partly offset by a €15.4 million decrease in accounts receivable and other receivables. The change in operating working capital requirements mainly stems from the increase in inventories due to the later arrival of new furniture SKUs compared to last year, and a voluntary increase in inventories of certain SKUs (best-sellers).

In the first half of 2018, the **Group's investment activities** resulted in a net cash outflow of €53.3 million (compared with a net cash outflow of €27.2 million in the first half of 2017), mainly due to the acquisition of Modani for €36.3 million, capital expenditure totalling €15.9 million, of which approximately 47% related to investments for the opening of 11 new stores (on a gross basis).

In the first half of 2018, the **Group's financing operations** generated a net cash outflow of €2.4 million (versus a net cash outflow of €14.9 million in the first half of 2017), primarily composed of the following: (i) the use of the revolving credit facility for €20.0 million, (ii) the payment of interest for €0.8 million (mainly on the long-term loan and revolving credit facility), (iii) net acquisitions of treasury shares, mainly under a liquidity contract, for €1.1 million, and (iv) the payment of dividends to Group shareholders in the amount of €19.9 million.

1.2.2 FINANCIAL RESOURCES

The change in net indebtedness in the period 31 December 2017 to 30 June 2018 was as follows:

		Cash impact		Without cash impact					
(in € thousands)	31 December 2017	Increase	Decrease	Issuance fees	Finance leases	Interest	Impact of currency exchange fluctuations	Change in scope	30 June 2018
Convertible bond	173,615	-	-	149	-	2,043	-	-	175,807
Term loan	49,446	-	(337)	29	-	319	-	-	49,457
Revolving credit facilities	(1,045)	20,000	(387)	161	-	363	-	-	19,092
Other borrowings	-	-	(321)	6	-	-	51	1,485	1,221
Finance leases	3,180	-	(475)	-	381	-	-	-	3,086
Deposits and guarantees	390	76	-	-	-	-	-	-	466
Bank overdraft	45	3,067	-	-	-	-	-	-	3,112
Cash and cash equivalents	(100,138)	-	60,999	-	-	-	-	-	(39,139)
TOTAL NET DEBT	**125,493**	**23,143**	**59,479**	**346**	**381**	**2,725**	**51**	**1,485**	**213,103**

1.3 Events after the reporting period

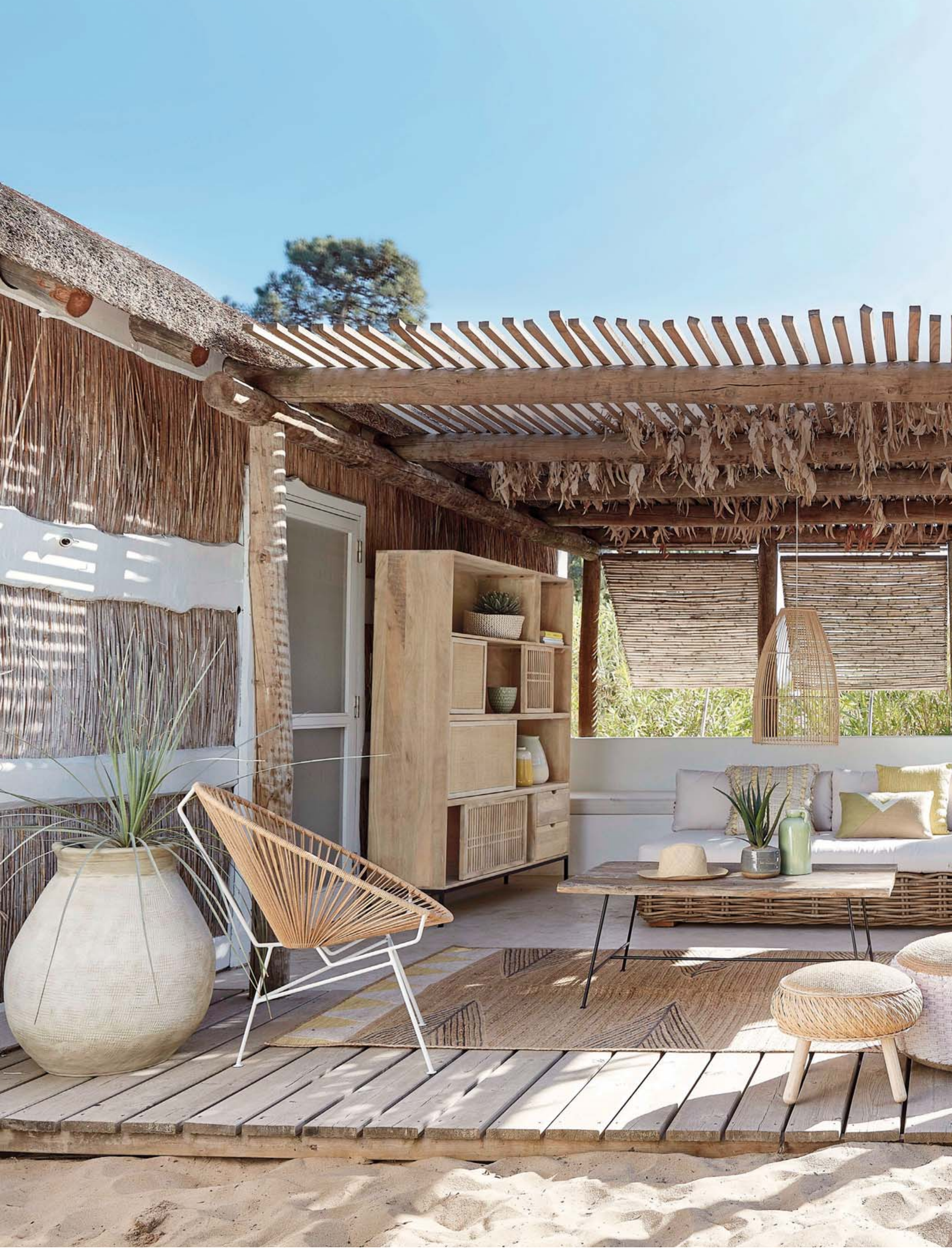
The Group did not identify any significant subsequent event after the reporting period ended 30 June 2018.

1.4 Outlook

Taking into account the softer-than-expected trading environment in the second quarter of 2018, a more prudent stance regarding the business environment in France in the second half of 2018 and a delay in store openings, Maisons du Monde is updating its full-year 2018 targets as follows:

- at constant scope, sales growth is now expected to be around 8% and net store openings at 19 (compared to sales growth at around 10% and net store openings in the range of 25-30 previously); 6 store openings originally scheduled in 2018 will take place in the first quarter of 2019;
- including Modani, sales growth is expected to be above 10% and net store openings at 22;
- EBITDA margin above 13% of sales, unchanged both at constant scope and including Modani.

The targets presented above are based on data, assumptions and estimates that the Group considers to be reasonable as of the date of this Half-Year Financial report, in light of the future economic outlook. These targets result from, and are dependent upon, the success of the Group's strategy. They may change or be adjusted, particularly as a result of changes and uncertainties in the economic, financial, competitive, regulatory or tax environment or as a result of other factors not under the Group's control, or of which the Group was not aware on the date this Half-Year Financial report.



First-half 2018 condensed consolidated interim financial statements

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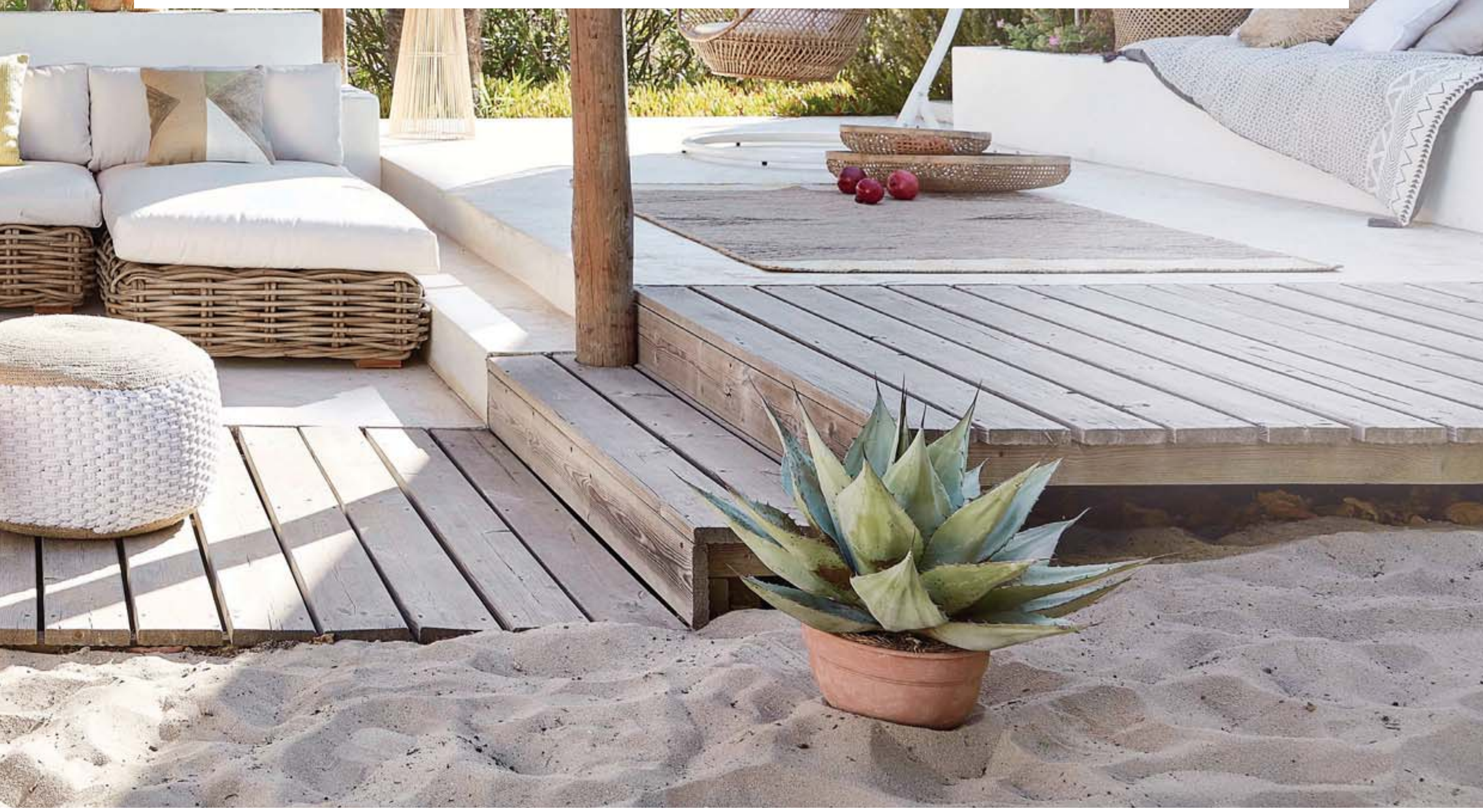
(half-year ended 30 June 2018)



2.1 Consolidated interim income statement

(in € thousands)	Notes	Half-Year 2018	Half-Year 2017*
Retail revenue	5	509,957	459,381
Other revenue from ordinary activities	5	12,009	10,314
Revenue		**521,966**	**469,695**
Cost of sales		(177,271)	(158,386)
Personnel expenses	6	(102,416)	(91,007)
External expenses	7	(200,826)	(183,133)
Depreciation, amortization and allowance for provisions		(17,370)	(15,217)
Fair value – derivative financial instruments	20	(754)	(2,381)
Other income from operations	8	859	1,049
Other expenses from operations	8	(2,940)	(3,976)
Current operating profit before other operating income and expenses		**21,249**	**16,644**
Other operating income and expenses	9	(2,739)	(866)
Operating profit (loss)		**18,510**	**15,778**
Cost of net debt	10	(3,111)	(3,893)
Finance income	10	867	928
Finance expenses	10	(2,291)	(1,194)
Financial profit (loss)		**(4,534)**	**(4,159)**
Share of profit (loss) of equity-accounted investees		0	0
Profit (loss) before income tax		**13,975**	**11,619**
Income tax expense	11	(5,911)	(5,402)
PROFIT (LOSS)		**8,064**	**6,218**
Attributable to:			
• owners of the Parent		7,978	6,218
• non-controlling interests		86	-
Earnings per share attribuable to the owners of the parent:			
Basic earnings per share	12	0.18	0.14
Diluted earnings per share	12	0.19	0.14

* *See note 2.5 "Restated consolidated financial statements".*

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

2.2 Consolidated interim statement of other comprehensive income

(in € thousands)	Notes	Half-Year 2018	Half-Year 2017
PROFIT (LOSS) FOR THE PERIOD		8,064	6,218
• Remeasurements of post employment benefit obligations	23	26	303
• Income tax related to items that will not be reclassified		(6)	(86)
Total items that will not be reclassified to profit or loss		**20**	**217**
• Cash-flow hedge	20	25,645	(36,490)
• Currency translation differences		145	(539)
• Income tax related to items that will be reclassified		(8,830)	12,564
Items that will be reclassified subsequently to profit or loss		**16,960**	**(24,465)**
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		16,980	(24,248)
TOTAL COMPREHENSIVE INCOME (LOSS)		25,044	(18,031)
Attributable to:			
• owners of the parent		24,958	(18,031)
• non-controlling interests		86	-

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

2.3 Consolidated interim statement of financial position

ASSETS

(in € thousands)	Notes	30 June 2018	31 December 2017*
Goodwill	14	367,606	321,183
Other intangible assets	15	267,255	250,517
Property, plant and equipment	16	146,630	146,671
Equity-accounted investees		0	0
Other non-current financial assets	17	15,745	16,953
Deferred income tax assets	18	3,666	2,705
Derivative financial instruments	20	1,679	-
Other non-current assets	19	7,055	7,632
Non-current assets		**809,628**	**745,662**
Inventories		197,566	159,713
Trade receivables and other current receivables		67,229	80,523
Other current financial assets		15	2
Current income tax assets		11,656	12,020
Cash and cash equivalents	22	39,139	100,138
Current assets		**315,605**	**352,396**
TOTAL ASSETS		**1,125,233**	**1,098,059**

* *See note 2.5 "Restated consolidated financial statements".*

2

EQUITY AND LIABILITIES

(in € thousands)	Notes	30 June 2018	31 December 2017*
Share capital	21	146,584	146,584
Share premiums	21	134,283	134,283
Retained earnings	21	241,451	181,161
Profit (loss) for the period		7,978	63,009
Equity attributable to owners of the Company		**530,296**	**525,037**
Non-controlling interests		86	-
TOTAL EQUITY		530,382	525,037
Borrowings	22	51,676	51,485
Convertible bond	22	175,976	173,635
Deferred income tax liabilities	18	50,527	37,127
Post-employment benefits	23	8,354	7,703
Provisions	24	14,248	13,668
Derivative financial instruments		-	19,154
Other non-current liabilities	25	38,947	11,986
Non-current liabilities		**339,729**	**314,757**
Current portion of borrowings and convertible bond	22	24,590	511
Trade payables and other current payables		214,367	238,111
Provisions	24	104	231
Corporate income tax liabilities		1,281	578
Derivative financial instruments	20	14,778	18,837
Current liabilities		**255,120**	**258,269**
TOTAL LIABILITIES		594,849	573,025
TOTAL EQUITY AND LIABILITIES		1,125,233	1,098,059

* *See note 2.5 “Restated consolidated financial statements”.*

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

2.4 Consolidated interim statement of cash flows

(in € thousands)	Notes	Half-Year 2018	Half-Year 2017 *
Profit (loss) for the period before income tax		13,975	11,619
Adjustments for:			
• Depreciation, amortization and allowance for provisions		18,794	15,683
• Net (gain) loss on disposals	8 & 9	740	576
• Share of profit (loss) of equity-accounted investees		0	0
• Change in fair value – derivative financial instruments	20	754	2,381
• Share-based payments		1,299	667
• Cost of net debt	10	3,111	3,893
Change in operating working capital requirement:			
• (Increase) decrease in inventories		(28,517)	11,377
• (Increase) decrease in trade and other receivables		15,401	(3,011)
• Increase (decrease) in trade and other payables		(31,060)	(11,814)
Income tax paid		(3,207)	(3,647)
Net cash flow from/(used in) operating activities		**(8,708)**	**27,724**
Acquisitions of non-current assets:			
• Property, plant and equipment	16	(14,785)	(20,526)
• Intangible assets	15	(3,209)	(3,488)
• Subsidiaries acquisition, net of cash acquired (1)		(36,287)	-
• Other non-current assets		2,105	1,780
Change in debts on fixed assets		(1,097)	(5,188)
Proceeds from sale of non-current assets		1	232
Net cash flow from/(used in) investing activities		**(53,272)**	**(27,190)**
Proceeds from borrowings	22	20,126	-
Borrowings	22	(788)	(10,729)
Acquisitions (net) of treasury shares	21	(1,116)	(268)
Dividends paid	13	(19,890)	-
Interest paid	22	(733)	(3,933)
Net cash flow from/(used in) financing activities		**(2,401)**	**(14,930)**
Exchange gains/(losses) on cash and cash equivalents		316	(20)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(64,382)	(14,397)
Cash and cash equivalents at beginning of period		100,093	59,675
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**36,027**	**45,258**
Cash and cash equivalents (excluding bank overdrafts)	22	39,139	50,177
Bank overdrafts	22	(3,112)	(4,919)
CASH AND CASH EQUIVALENTS		**36,027**	**45,258**

(1) *Related to the acquisition of Modani (See 1.1 "Acquisition of Modani in the United States").*

* *See note 2.5 "Restated consolidated financial statements".*

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

2.5 Consolidated interim statement of changes in equity

		Attributable to owners of the parent						
(in € thousands)	**Notes**	**Share capital**	**Share premium**	**Retained earnings**	**Currency translation difference**	**Total**	**Non-controlling interest**	**Total equity**
Balance as of 1 January 2017		**146,584**	**134,959**	**214,996**	**429**	**496,970**	**-**	**496,970**
Dividends		-	(676)	(13,349)	-	(14,025)	-	(14,025)
Share-based payments	21	-	-	667	-	667	-	667
Treasury shares	21	-	-	(268)	-	(268)	-	(268)
Profit (loss) for the period		-	-	6,218	-	6,218	-	6,218
Other comprehensive income for the period		-	-	(23,709)	(539)	(24,248)	-	(24,248)
BALANCE AS OF 30 JUNE 2017		**146,584**	**134,283**	**184,555**	**(108)**	**465,314**	**-**	**465,314**
Balance as of 1 January 2018*		**146,584**	**134,283**	**244,652**	**(481)**	**525,037**	**-**	**525,037**
Scope effect		-	-	-	-	-	-	-
Variation of non controlling interest [(1)]		-	-	-	-	-	*18,287*	-
Non-controlling interest put option [(2)]		-	-	-	-	-	*(18,287)*	-
Dividends cash-settled	13	-	-	(19,890)	-	(19,890)	-	(19,890)
Convertible bond	28	-	-	-	-	-	-	-
Share-based payments	21	-	-	1,299	-	1,299	-	1,299
Treasury shares	21	-	-	(1,109)	-	(1,109)	-	(1,109)
Profit (loss) for the period		-	-	7,978	-	7,978	86	8,064
Other comprehensive income for the period		-	-	16,835	145	16,980	-	16,980
BALANCE AS OF 30 JUNE 2018		**146,584**	**134,283**	**249,765**	**(336)**	**530,295**	**86**	**530,382**

(1) See 1.1 "Acquisition of Modani in the United States".

(2) See 1.1 "Acquisition of Modani in the United States" and note 25 "Other non-current liabilities".

** See note 2.5 "Restated consolidated financial statements".*

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

Maisons du Monde S.A. is a limited liability company with a Board of Directors, governed by the laws of France. Its registered office is located at Le Portereau note 44120, Vertou. Maisons du Monde S.A. shares are listed on Euronext Paris.

These IFRS consolidated interim financial statements, prepared in accordance with IFRS as adopted by the European Union, cover 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 mostly 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 decoration items such as household textiles, tableware and kitchenware, mirrors and picture frames, as well as large decoration items and furniture such as large mirrors and lamps, tables, chairs, armchairs and sofas, cupboards, bookshelves and outdoor furniture.

The condensed interim consolidated financial statements have been authorized for issue by the Board of Directors held on 27 July 2018. All amounts are expressed in thousands of euro, unless otherwise specified.

Contents

Note 1 Significant events

1.1 Modani Group acquisition in the United States

On 3 May 2018, Maisons du Monde S.A. purchase a 70% stake in Modani, with an option to acquire the remaining outstanding shares. Modani is a furniture chain present across the US through its stores and e-commerce business.

In 2017, Modani reported sales of $41.4 million and EBITDA of $4.9 million. Founded in 2007 and based in Miami, Modani has a network of 10 stores in major US cities and markets its offering through its website and marketplaces.

Based on valuations carried out by independent expert, the acquired assets and liabilities were recorded at their fair value at the acquisition date among which the brand (€13.8 million) and a profitable lease agreement (€1.2 million).

The Group has measured non-controlling participations at fair value (full goodwill method). At acquisition date, the preliminary goodwill stands to €44.8 million. Goodwill mainly derives from Modani's position in the US market and the expected synergies in terms of developing the product portfolio of the two banners.

The purchase price allocation and the goodwill calculation will be finalized within twelve months following the acquisition date.

The table below presents the fair value of the assets and liabilities at the acquisition date:

(in € thousands)	**Fair value of the assets/liabilities on the acquisition date**
Total non-current assets	17,862
Total current assets	10,913
TOTAL ASSETS	28,775
Total other non-current liabilities	5,245
Total current liabilities	7,378
TOTAL LIABILITIES	12,623
NET ASSETS	**16,152**

This acquisition of a majority stake is combined with a put option granted to minority stockholders valid during the second half of 2022, as well as a purchase option granted to the Group during the first half of 2023. By mutual agreement, the 30% shares sale or redemption price has been set at fair market value at the option strike date.

As at 30 June 2018, the debt related to put option granted to minority stockholders has been measured at present value of the option strike price, based on enterprise value estimated during the purchase price allocation process. This debt is recognized in balance sheet items as "Other non-current liabilities". Subsequent changes in the fair value of the debt will be recognized against the equity of the Group.

1.2 Adjustment to the conversion/exchange ratio

According to the Maisons du Monde SA's General Meeting held on 18 May 2018, the Group paid €0.44 dividend per share on 20 June 2018.

Following this dividend payment, in accordance with paragraph 2.6.(B).10 of the terms and conditions of the OCEANES (the "Terms and Conditions"), the Conversion/Exchange Ratio (as defined in the Terms and Conditions) is adjusted from 1.0 to 1.004 Maisons du Monde SA share for 1 OCEANE (calculated to three decimal places by rounding to the nearest thousandth). The new Conversion/Exchange Ratio is effective on 20 June 2018.

1.3 Management transition

On 3 May 2018, the Board of Directors of Maisons du Monde SA appointed Mrs. Julie Walbaum as Chief Executive Officer with effect from 1 July 2018. Gilles Petit, the former Chief Executive Officer, remains as special advisor to the new CEO and member of the Board.

Note 2 Accounting policies and consolidation rules

2.1 Basis of preparation

The condensed consolidated financial statements for the six-month period ended 30 June 2018 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 31 December 2017.

The accounting policies used in the preparation of the condensed consolidated financial statements as of 30 June 2018 comply with international financial reporting standards (IFRS) as endorsed by the European Union. The accounting policies applied as of 30 June 2018 are identical to those described in the notes to the published consolidated financial statements as of 31 December 2017, except for those related to the first application of IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments (see notes 2.2 and 2.3).

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 is mandatory as of 1 January 2018

ADOPTED BY THE EUROPEAN UNION

- Interpretation IFRIC 22 – Foreign Currency Transactions and Advance Consideration;
- Amendment to IFRS 2 – Clarifications of classification and measurement of share-based payment transactions;
- Amendment to IAS 40 – Transfers of Investment Property;
- Annual Improvements to the 2014-2016 IFRS Cycle;
- Amendments to IFRS 4 – Apply IFRS 9 Financial Instruments with IFRS 4.

The application of these new standards has no impact for the Group.

The new standards whose application has an impact for the Group are as follows:

IFRS 9 – Financial instruments

As of 1 January 2018, IFRS 9 – Financial Instruments become effective instead of IAS 39. It introduces new requirements related to classification and measurement of financial instruments, impairment of financial assets and hedge accounting. The new accounting methods are described in note 2.3.

The Group adopted IFRS 9 as of 1 January 2018. Given the non-material impact of the application of this new standard on the consolidated financial statements, the Group chose not to restate the comparative period. As a result, prior years data are disclosed in accordance with the previously applied accounting methods, as published in the 2017 Registration Document.

Classification and measurement of financial assets and liabilities

The reclassification of financial instruments in IFRS 9 categories had no overall impact on their respective measurement basis.

Each category of financial assets has been classified according to the management model applied by the Group to these assets, in accordance with the SPPI test.

The financial assets included in the financial position statement, as well as their category of ownership and method of valuation under IFRS 9 (compared to IAS 39), are shown in the table below:

		Position		Evaluation					
				Amortized cost		Fair value through profit or loss		Hedge accounting	
Financial assets	**Balance sheet**	**IAS 39**	**IFRS 9**	**IAS 39**	**IFRS 9**	**IAS 39**	**IFRS 9**	**IAS 39**	**IFRS 9**
Participation in GIE	Other non-current financial assets	Available-for-sale securities	Assets at fair value through profit or loss	x			x		
Loans	Other current financial assets	Loans and receivables	Amortized cost	x	x				
Security Deposit	Other non-current financial assets	Loans and receivables	Amortized cost	x	x				
Receivables	Trade receivables and other current receivables	Loans and receivables	Amortized cost	x	x				
Other current receivables	Trade receivables and other current receivables	Loans and receivables	Amortized cost	x	x				
Trade payables	Trade receivables and other current receivables	Loans and receivables	Amortized cost	x	x				
Derivative financial instruments	Derivative financial instruments	Hedging Instruments	Hedging Instruments					x	x
Cash and cash equivalents	Cash and cash equivalents	Loans and receivables	Amortized cost	x	x				

IFRS 9 has retained most of IAS 39 standards provisions relating to classification and measurement of financial liabilities that continue to be measured at amortized cost, except specific cases which does not apply to the Group.

Impairment of financial assets

On 1 January 2018, the management has reviewed and measured the Group's financial assets, considering all reasonable and justifiable information, including forward-looking information. No material impact has been identified.

Hedge accounting

In accordance with the transition measures proposed by IFRS 9, the Group applied hedge accounting provisions prospectively from the date of its first application, 1 January 2018.

Group operations qualified as falling within the scope of hedge accounting under IAS 39 still meet the hedge accounting requirement under IFRS 9 and no rebalancing of the hedging relationships was necessary as of 1 January 2018. Hedging relationships remain effective under IFRS 9. No material impact has been identified.

IFRS 15 and Clarification of IFRS 15 – Revenue from Contracts with Customers

As of 1 January 2018, the Group adopted IFRS 15 – Income from contracts with customers, as well as related amendments.

The Group retained retrospective method option applying the new standard at the beginning of the first comparative period published. Only the following presentation impacts have been identified (see note 5.1):

- the Group acting as an agent in respect of eco-participation collection, amounts received from customers, previously presented in other revenue from ordinary activities, have been offset with the sums paid back to the collection organizations, presented in external charges (see note 7);
- capitalized production, previously presented in other income from ordinary activities, has been offset with the related expenses (see notes 6 and 7).

Accounting principles of the Group for recognition of revenues are presented in note 2.3.

NOT YET ADOPTED BY THE EUROPEAN UNION

None.

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

ADOPTED BY THE EUROPEAN UNION

- IFRS 16 – Rental contract: The assessment of potential impacts on the Group's financial statements is ongoing. Leases mainly concern real estate assets, fundamentally stores and offices, but also materials and equipment.

  The Group decided to apply the simplified retrospective method. As a result, the comparative information will not be restated at the transition date; only equity at the opening, *i.e.* 1 January 2018, will be impacted;
- Amendments to IFRS 9 – Prepayment features with negative compensation.

NOT YET ADOPTED BY THE EUROPEAN UNION

- IFRS 17 – Insurance contract;
- IFRIC 23 – Accounting for uncertainties in income taxes;
- Amendments to IAS 28 – Long term interests in associates and joint-ventures;
- Annual improvements to the 2015-2017 IFRS cycle;
- Amendments to IAS 19: plan amendment, curtailment or settlement;
- Amendments to references to the conceptual framework in IFRS standards.

2.3 Accounting methods

Following the first application of IFRS 9 – Financial Instruments and IFRS 15 and Clarification of IFRS 15 – Revenue from Contracts with Customers, the following notes of the consolidated financial statements for the year ended 31 December 2017 are restated:

- 2.6 “Revenue recognition” (see a) below);
- 2.16 “Financial assets” (see b) below);
- 2.17 “Impairment of financial assets” (see c) below);
- 2.20 “Trades and other receivables” (see d) below).

a) Revenues

Revenues from sales of goods and services is assessed on the basis of the counterparty that is planned to be transferred to the client in the contract and does not include amounts collected for third parties.

The Group mainly generates its revenues from the sale of furniture and decorative items in stores or on its website. It also delivers transport services for goods delivery to clients as well as for supply chain services for third parties.

SALES OF GOODS IN STORES OR ON WEBSITE

The Group recognizes revenue when the control of goods is transferred to the client. This is supposed to arise at the very moment of the delivery, when the client accepts and takes physical possession of the asset. Then, he bears the risks and benefits from the advantages related to its property.

The amount recognized as revenue is based on the transaction's price that is fixed in the contract and corresponds to the amount the Group expects to receive in accordance with the contractual agreement. As a Group's specificity, the price does not include any variable amount which would require the use of estimates.

A receivable is recognized as soon as the Group is discharged from its liabilities, at the date of the goods delivery.

Either in store or on the website, customers pay the full amount when they order. The Group has also concluded partnerships with companies specialized in consumer lending to provide payment facilities to clients. Contracts concluded with clients do not include financing component as the selling price does not change either the purchase is done through a consumer credit or not.

A return policy is attached to online sales. When appropriate, the Group recognizes a liability that represents future refunds and an asset that should be equal to the goods it expects to recover. Traditionally, the Group has a low return rate.

Guarantees given to buyers over the goods sold do not represent a distinct performance obligation, meaning that customers could not benefit from additional services that could be sold on a stand-alone basis. Guarantees solely ensure products compliance and are recognized in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets when applicable.

As the Group does not have contracts that exceed one year, it decided to apply simplified measures by not disclosing information on performance obligations that would not be completed yet at closing.

SALES OF TRANSPORTATION SERVICES

The Group recognized revenue when it has fulfilled its obligations towards the client. That is supposed to happen at the delivery time, when the customer accepts and takes physical possession of the asset.

b) Financial assets

Under IFRS 9, financial assets contain three classifications categories: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (JVOCI) and financial assets measured at fair value through profit and loss statement (JVPL).

The classification is based on the business model in which financial assets are managed and their future cash flows characteristics.

FINANCIAL ASSETS MEASURED AT AMORTIZED COST

Those financial assets are held to collect contractual cash flows.

At initial recognition, they are measured at fair value on the acquisition date, usually the transaction price. Afterwards, if they are not hedged, the assets are measured at amortized cost, according to the effective interest rate method.

They mainly correspond to the following balance sheet items: loans, deposits, trades receivables, other receivables, and receivables from suppliers.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

Financial assets at FVOCI are financial assets held to both collecting contractual cash flows and selling the financial asset. Those instruments are recognized at fair value in the balance sheet through other comprehensive income. Only, interests and dividends received as well as exchange rate changes impacts are recognized in the income statement.

The fair value of investments on listed companies is determined by the market price which is disclosed at closing date. Changes in fair value are recognized in other comprehensive income statement (directly in equity). On disposal of the investment, the cumulative change in fair value is recycled in profit or loss, as a financial expense or a financial income.

For non-consolidated investments that are not quoted on a market, those are maintain at the acquisition cost that the Group estimates to be equal to the fair value. An impairment is recognized if a sustained loss of the value in use is recorded. The value in use is determined based on the most appropriate financial criteria to each specific situation and each company. Criteria that are usually used are: equity value and profitability prospects.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL)

Financial assets classified and measured at FVPL are the ones that cannot be included in the above categories. Those assets are held for trading and are recognized at fair value through the income statement.

Financial assets fall into this category if they were acquired in order to be sold on a short-term basis and or if no contractual cash flows are predetermined. Derivatives that have not been designated in a hedging relationship are considered as held-for-trading.

Those assets mainly refer to investments in Economic Interest Groups.

IMPAIRMENT

The Group recognized an impairment based on expected loss for financial assets measured at amortized cost or at FVOCI.

The provision amount is measured annually in order to reflect the financial asset's credit risk evolution since its initial recognition.

The Group uses the lifetime expected credit losses method for financial assets (other than trade receivables), only when the credit risk increased significantly. If the financial instrument's credit risk has not increased significantly since its initial recognition, the Group measures the 12-months expected credit losses (after the closing date).

In order to test the credit risk evolution, the Group compares the financial instrument's default risk with the default risk at initial recognition, taking into consideration reasonable and justifiable information that is available without engaging undue cost or effort and that indicate important increase in credit risk since initial recognition.

For trade receivables, the Group uses the simplified method and recognizes lifetime credit losses.

DERECOGNITION

The Group derecognizes a financial asset when the rights to the cash flows expire or the asset is transferred to another party.

If the Group does not transfer or still retains almost all risks and benefits from the asset and keeps controlling it, it recognizes its residual interest. If the Group retains almost all risks and benefits of a transferred asset, the Group maintain the recognition of this asset.

When a financial asset measured at amortized cost is derecognized, the difference between the book value and the consideration received is recognized in the profit or loss.

c) Derivatives financial instruments and hedge accounting

The Group uses derivatives to hedge its exposure to currency risk. The use of these instruments allows the Group to manage risks arising from exchange rates and commercial transactions.

On inception of the hedging relationship, the Group designates and documents the hedging relationship by describing the relationship between the hedging instrument and the underlying hedged, the Group's risk management objective and strategy for undertaking the hedge: designation of the hedging instrument and the underlying hedged, type of risk hedged, means chosen by the Group to test and determine the extent of any the edge effectiveness.

The hedging relationship meet effectiveness constraints if:

- an economic relationship exists between the hedging instrument and the underlying hedged;
- the credit risk does not exceed the changes in the value which arise from this economic relationship;

- the hedge ratio of the hedging relationship equals the ratio of the quantity of the underlying hedged and the quantity of hedging instruments the Group uses to cover that quantity of underlying hedged.

When a derivative contract is concluded, the hedging instruments are recorded at fair value and then reassessed at fair value on each closure. The derivatives' fair value is measured based on the exchange rate at closing.

Changes in the fair value of derivatives are recognized in profit or loss, unless for instrument defined as cash flow hedging instrument for which changes in the fair value are recognized in other comprehensive income for their effective share and in profit or loss for their ineffective share.

The hedging instrument's fair value is classified in non-current asset or non-current liability when the remaining maturity is higher than 12 months, and in current asset or current liability when the remaining maturity is smaller than 12 months. Transaction-for-trading on derivatives are classified in current asset or current liability.

d) Trade receivables and other receivables

Trade receivables are recognized at fair value and then reassessed at amortized cost through the effective interest rate method, after deduction of the depreciation provisions.

The Group uses the simplified method and recognizes expected credit losses over future trade receivables' lifetime. Expected credit losses are measured by considering a range of factors specific to customers and other debtors and using current general economic conditions and economic conditions forecasts that are available at closing date without supporting undue cost and effort.

The provision amount is recognized in profit or loss in "Depreciation, amortization and allowance for provisions".

2.4 Critical estimates and judgements

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates and judgments that may have an impact on the carrying amount of certain assets, liabilities, income, expenses and on the information provided in the notes to the financial statements. Estimate and assumptions are reviewed on a regular basis, and at least on each reporting date.

They may vary if the circumstances on which they are based change or new information becomes available. Actual results may differ from these estimates.

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 their classification, provisions for litigation.

As explained in note 2.12 a) of the 2017 consolidated financial statements, goodwill is not amortized but tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

To prepare the condensed consolidated financial statements, the Group uses certain specific valuation methods in accordance with IAS 34 – Interim financial reporting:

- the tax expense is calculated for each tax entity by applying to the taxable income for the period the estimated average annual effective rate for the current year;
- the cost of pension commitments calculation is based on the projected actuarial valuations carried out at the end of the previous financial year. These assessments are adjusted to take into account any amendment, reduction or winding up of the plan. In addition, in the event of significant market fluctuations having an impact on actuarial assumptions (discount rate and inflation rate), a new valuation of pension liabilities is performed by extrapolating the annual actuarial valuation.

2.5 Restated consolidated financial statements

The consolidated financial statements for the comparative periods have been restated to reflect:

- the reclassification of eco-participation and capitalized production following the first application of IFRS 15 (see note 2.2);
- the reclassification of advances and prepayments on fixed assets, from "Other non-current financial assets" to the fixed asset lines to which they relate;
- the omission of the deferred tax liability resulting from the separate recognition of the OCEANE's equity component, net of expenses, and debt. This deferred tax will be reversed along with the recognition of the notional financial expense related to the bond issue;
- reclassification of deferred tax assets from the French tax consolidation group as a reduction of deferred tax liabilities of the same tax consolidation group.

Consolidated income statement restated as at 30 June 2017

(in € thousands)	Half-Year 2017	Eco-contribution	Capitalized production	Half-Year 2017 restated
Retail revenue	459,381	-	-	459,381
Other revenue from ordinary activities	12,915	(1,095)	(1,506)	10,314
Revenue	**472,296**	**(1,095)**	**(1,506)**	**469,695**
Cost of sales	(158,386)	-	-	(158,386)
Personnel expenses	(91,886)	-	879	(91,007)
External expenses	(184,855)	1,095	627	(183,133)
Depreciation, amortization and allowance for provisions	(15,217)	-	-	(15,217)
Fair value – derivative financial instruments	(2,381)	-	-	(2,381)
Other income from operations	1,049	-	-	1,049
Other expenses from operations	(3,976)	-	-	(3,976)
Current operating profit before other operating income and expenses	**16,644**	**-**	**-**	**16,644**
Other operating income and expenses	(866)	-	-	(866)
Operating profit (loss)	**15,778**	**-**	**-**	**15,778**
Cost of net debt	(3,893)			(3,893)
Finance income	928	-	-	928
Finance expenses	(1,194)	-	-	(1,194)
Financial profit (loss)	**(4,159)**	**-**	**-**	**(4,159)**
Share of profit (loss) of equity-accounted investees	0	-	-	0
Profit (loss) before income tax	**11,619**	**-**	**-**	**11,619**
Income tax expense	(5,402)	-	-	(5,402)
PROFIT (LOSS)	6,218	-	-	6,218
Attributable to:				
• owners of the Parent	6,218	-	-	6,218
• non-controlling interests	-	-	-	-

Consolidated statement of financial position restated as at 31 December 2017

ASSETS

(in € thousands)	31 December 2017	French deferred tax reclassification	OCEANE deferred tax	Advances and prepayments on property, plant and equipment	31 December 2017 restated
Goodwill	321,183	-	-	-	321,183
Other intangible assets	250,517	-	-	-	250,517
Property, plant and equipment	146,044	-	-	627	146,671
Equity-accounted investees	0	-	-	-	0
Other non-current financial assets	17,580	-	-	(627)	16,953
Deferred income tax assets	28,775	(26,070)	-	-	2,705
Other non-current assets	7,632	-	-	-	7,632
Non-current assets	**771,732**	**(26,070)**	**-**	**-**	**745,662**
Inventories	159,713	-	-	-	159,713
Trade receivables and other current receivables	80,523	-	-	-	80,523
Other current financial assets	2	-	-	-	2
Current income tax assets	12,020	-	-	-	12,020
Derivative financial instruments	-	-	-	-	-
Cash and cash equivalents	100,138	-	-	-	100,138
Current assets	**352,396**	**-**	**-**	**-**	**352,396**
TOTAL ASSETS	**1,124,129**	**(26,070)**	**-**	**-**	**1,098,059**

EQUITY AND LIABILITIES

(in € thousands)	31 December 2017	French deferred tax reclassification	OCEANE deferred tax	Advances and prepayments on property, plant and equipment	31 December 2017 restated
Share capital	146,584	-	-	-	146,584
Share premiums	134,283	-	-	-	134,283
Retained earnings	188,226		(7,065)	-	181,161
Profit (loss) for the period	63,009	-	-	-	63,009
Equity attributable to owners of the Company	**532,102**	**-**	**(7,065)**	**-**	**525,037**
Non-controlling interests	-	-	-	-	-
TOTAL EQUITY	532,102	-	(7,065)	-	525,037
Borrowings	51,485	-	-	-	51,485
Convertible bond	173,635	-	-	-	173,635
Deferred income tax liabilities	56,132	(26,070)	7,065	-	37,127
Post-employment benefits	7,703	-	-	-	7,703
Provisions	13,668	-	-	-	13,668
Derivative financial instruments	19,154	-	-	-	19,154
Other non-current liabilities	11,986	-	-	-	11,986
Non-current liabilities	**333,762**	**(26,070)**	**7,065**		**314,757**
Current portion of borrowings and convertible bond	511	-	-	-	511
Trade payables and other current payables	238,111	-	-	-	238,111
Provisions	231	-	-	-	231
Corporate income tax liabilities	578	-	-	-	578
Derivative financial instruments	18,837	-	-	-	18,837
Current liabilities	**258,269**	**-**	**-**		**258,269**
TOTAL LIABILITIES	592,030	(26,070)	7,065	-	573,025
TOTAL EQUITY AND LIABILITIES	**1,124,129**	**(26,070)**	**-**		**1,098,059**

Consolidated cash-flow statement restated as at 30 June 2017

(in € thousands)	**Half-Year 2017**	**Advances and prepayments on property, plant and equipment**	**Half-Year 2017 restated**
Profit (loss) for the period before income tax	11,619	-	11,619
Adjustments for:			
• Depreciation, amortization and allowance for provisions	15,683	-	15,683
• Net (gain) loss on disposals	576	-	576
• Share of profit (loss) of equity-accounted investees	0	-	0
• Change in fair value – derivative financial instruments	2,381	-	2,381
• Share-based payments	667	-	667
• Other	-	-	-
• Cost of net debt	3,893	-	3,893
Change in operating working capital requirement:			
• (Increase) decrease in inventories	11,377	-	11,377
• (Increase) decrease in trade and other receivables	(3,011)	-	(3,011)
• Increase (decrease) in trade and other payables	(11,814)	-	(11,814)
Income tax paid	(3,647)	-	(3,647)
Net cash flow from/(used in) operating activities	**27,724**	**-**	**27,724**
Acquisitions of non-current assets:			
• Property, plant and equipment	(19,798)	(728)	(20,526)
• Intangible assets	(3,488)	-	(3,488)
• Financial assets	-	-	-
• Subsidiaries, net of cash acquired	-	-	-
• Other non-current assets	1,052	728	1,780
Change in debts on fixed assets	(5,188)	-	(5,188)
Proceeds from sale of non-current assets	232	-	232
Net cash flow from/(used in) investing activities	**(27,190)**	**-**	**(27,190)**
Proceeds from increases in share capital	-	-	-
Proceeds from borrowings	-	-	-
Proceeds from convertible bond	-	-	-
Borrowings	(10,729)	-	(10,729)
Acquisitions (net) of treasury shares	(268)	-	(268)
Dividends paid	-	-	-
Interest paid	(3,933)	-	(3,933)
Vendor Loan	-	-	-
High Yield early redemption fees	-	-	-
Net cash flow from/(used in) financing activities	**(14,930)**	**-**	**(14,930)**
Exchange gains/(losses) on cash and cash equivalents	(20)	-	(20)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(14,397)**	**-**	**(14,397)**
Cash and cash equivalents at beginning of period	59,675	-	59,675
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**45,258**	**-**	**45,258**

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.

2.6 Notes on consolidated interim income statement

Note 4 Geographical segment information

The sales, EBITDA and goodwill, other intangible assets and property, plant and equipment are presented by geographical segment. The operating segments (geographical) are as follows:

- France;
- International.

In addition, the corporate segment includes the holding company's activities, including assets that cannot be allocated to any segments and CICE. This segment, which does not include any revenues, mainly comprises overheads related to finance, legal, human resources and IT department as well as expenses related to design, procurement, customer relationship management (CRM) and merchandising.

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

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) store pre-opening expenses related 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 2017 and 2018 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 2017 and 2018.

EBITDA by geographical segment includes:

- allocations of certain marketing expenses related to the network of stores as well as operating and marketing expenses for the e-commerce platform. The allocation of these expenses by geographical segment is based on Customer Sales (stores and e-commerce) for each country;
- allocation of EBITDA of the logistical entities by geographical segment is based on their respective cost of sales.

A deeper analysis of the EBITDA of the logistics entities allowed a different allocation and generated a slight modification of the first-half 2017 data, compared to the elements disclosed in the 2017 condensed consolidated interim financial statements.

Sales and EBITDA related to B2B activity (Maisons du Monde) has been fully allocated to the France segment.

This segment information is consistent with groups of CGU that have been identified for the impairment test.

4.1 Segment income statement

(in € thousands)	Half-Year 2018	Half-Year 2017
Sales	507,018	456,592
France	*299,358*	*278,968*
International	*207,660*	*177,624*
Cost of sales	(177,271)	(158,386)
Gross margin	**329,747**	**298,206**
Gross margin *(%)*	**65.0%**	**65.3%**
EBITDA	**47,983**	**43,180**
France	*54,424*	*50,774*
International	*27,773*	*22,990*
Corporate	*(34,214)*	*(30,583)*
Depreciation, amortization and allowance for provisions	(17,370)	(15,217)
EBIT	**30,613**	**27,963**
Change in fair value – derivative financial instruments	(754)	(2,381)
Expenses prior to openings	(902)	(1,530)
Pro rata – catalogs related expenses	(6,905)	(6,696)
Prorata – taxes (IFRICS 21)	(804)	(712)
Current operating profit before operating income and expenses	**21,249**	**16,644**
Other operating income and expenses	(2,739)	(866)
Operating profit (loss)	**18,510**	**15,778**
Financial profit (loss)	(4,534)	(4,159)
Share of profit (loss) of equity-accounted investees	0	0
Profit (loss) before income tax	**13,975**	**11,619**
Income tax expense	(5,911)	(5,402)
PROFIT (LOSS)	**8,064**	**6,218**

4.2 Segment assets and liabilities

The Group discloses here only segment assets whose amounts are regularly reviewed by the Executive Committee, under Board of Director's supervision.

	30 June 2018			
(in € thousands)	France	International	Corporate	Total
Segment assets*	344,907	203,117	233,467	781,491
Non-segment assets	n/a	n/a	n/a	343,742
TOTAL ASSETS	**n/a**	**n/a**	**n/a**	**1,125,233**

* *Goodwill, other intangible and tangible assets.*

	30 June 2017			
(in € thousands)	France	International	Corporate	Total
Segment assets*	335,237	154,677	219,834	709,748
Non-segment assets	n/a	n/a	n/a	339,005
TOTAL ASSETS	**n/a**	**n/a**	**n/a**	**1,048,753**

* *Goodwill, other intangible and tangible assets.*

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Note 5 Revenue

5.1 Revenue breakdown

(in € thousands)	Half-Year 2018	Half-Year 2017*
Sales	507,018	456,592
Sales to franchise and promotional sales	2,939	2,789
Retail revenue	**509,957**	**459,381**
Transportation to customers	10,482	9,449
Supply chain services	499	365
Other services	1,025	487
Sundry revenue	3	13
Other Revenue from ordinary activities	**12,009**	**10,314**
TOTAL REVENUE	**521,966**	**469,695**

* *See note 2.5 "Restated consolidated financial statements".*

5.2 Sales by channel

	Half-Year 2018			Half-Year 2017		
(in € thousands)	Maisons du Monde	Modani	Total	Maisons du Monde	Modani	Total
Stores	380,975	5,264	386,239	354,551	n/a	354,551
Web	120,194	585	120,779	102,041	n/a	102,041
TOTAL SALES	**501,169**	**5,849**	**507,018**	**456,592**	**n/a**	**456,592**

5.3 Sales by product

	Half-Year 2018			Half-Year 2017		
(in € thousands)	Maisons du Monde	Modani	Total	Maisons du Monde	Modani	Total
Decoration	264,325	-	264,325	242,935	n/a	242,935
Furniture	236,844	5,849	242,693	213,657	n/a	213,657
TOTAL SALES	**501,169**	**5,849**	**507,018**	**456,592**	**n/a**	**456,592**

Note 6 Personnel expenses

Personnel expenses are broken down as follows:

(in € thousands)	Half-Year 2018	Half-Year 2017 *
Wages and salaries	(73,610)	(66,461)
Social security costs	(22,458)	(19,906)
Share-based payment (including social security costs) (1)	(960)	(874)
Employee profit-sharing (including social security costs)	(4,560)	(3,123)
Post-employment benefits – Defined benefit plans	(827)	(643)
TOTAL PERSONNEL EXPENSES	**(102,416)**	**(91,007)**

(1) The social security costs related to share-based payments amounts to €0,1m on the first-half 2018 against €0.2m on the first-half of 2017.

* *See note 2.5 "Restated consolidated financial statements".*

The average number of full-time employees (excluding Mekong Furniture) was 5,494 for the first-half 2018 and 5,002 for the first-half 2017.

Note 7 External expenses

External expenses are broken down as follows:

(in € thousands)	Half-Year 2018	Half-Year 2017*
Energy and consummables used	(11,377)	(9,695)
Leases and related expenses	(57,957)	(55,585)
Rental	(4,282)	(3,944)
Repairs and maintenance	(8,549)	(7,295)
Insurance	(901)	(842)
Temporary staff	(11,142)	(9,631)
Advertising & marketing	(25,932)	(22,651)
Fees	(5,942)	(6,123)
Transportation	(55,680)	(49,671)
Post & Telecom	(2,602)	(2,501)
Travel & meeting expenses	(4,149)	(4,252)
Bank services	(3,263)	(3,430)
Taxes other than on income	(7,545)	(6,751)
Other external expenses	(1,505)	(763)
TOTAL EXTERNAL EXPENSES	**(200,826)**	**(183,133)**

* *See note 2.5 “Restated consolidated financial statements”.*

Other income and expenses are made up of insignificant amounts if taken individually.

Note 8 Other income and expenses from operations

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

(in € thousands)	Half-Year 2018	Half-Year 2017
Pre-opening expenses	(902)	(1,530)
Gains and losses on disposals*	(551)	(339)
Commercial disputes & losses	(168)	(921)
Leases & related expenses*	(71)	(173)
Other income and expenses from operations	(389)	36
TOTAL OTHER OPERATING INCOME (EXPENSES) FROM OPERATIONS	**(2,081)**	**(2,927)**

* *Relate to stores relocated in the same area.*

Note 9 Other operating income and expenses

Other operating income and expenses are broken down as follows:

(in € thousands)	Half-Year 2018	Half-Year 2017
Gains and losses on disposals (1)	(198)	(1)
Provision for closure of store (1)	(230)	(13)
Restructuring costs	(203)	(197)
Acquisition costs (Modani)	(794)	-
Other (2)	(1,314)	(656)
TOTAL OTHER OPERATING INCOME (EXPENSES)	**(2,739)**	**(866)**

(1) Relate to stores not relocated in the same area.

(2) Mainly related to:

- *performance shares expense for the former CEO (€0.6 million/see note 21.3);*
- *recruitment fees for the new CEO (€0.3 million);*
- *costs related to an incident on goods in transit (€0.2 million).*

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Note 10 Financial profit (loss)

Finance income and expenses are broken down as follows:

(in € thousands)	Half-Year 2018	Half-Year 2017
Interests on term loan	(349)	(3,040)
Interests on convertible bond	(2,192)	-
Interests on loans, including Revolving Credit Facilities	(577)	(841)
Proceeds from cash and cash equivalents	21	-
Interests on bank overdrafts	(13)	(12)
Cost of net debt	**(3,111)**	**(3,893)**
Finance leases	(37)	(42)
Exchange gains and losses	(393)	613
Commission costs	(1,028)	(832)
Other finance income & costs	34	(5)
TOTAL FINANCIAL PROFIT (LOSS)	**(4,534)**	**(4,159)**

Note 11 Income tax

Income tax is broken down as follows:

(in € thousands)	Half-Year 2018	Half-Year 2017
Current income tax	(6,200)	(5,261)
Deferred tax	289	(141)
INCOME TAX EXPENSE	**(5,911)**	**(5,402)**

Note 12 Earnings per share

12.1 Basic earnings per share

(in € thousands, unless otherwise stated)	Half-Year 2018	Half-Year 2017
Profit (loss) for the period attributable to shareholders of the parent	7,978	6,218
Weighted average number of ordinary shares *(in thousands)*	45,213	45,227
BASIC EARNINGS PER SHARE *(IN EUROS)*	**0.18**	**0.14**

The number of ordinary shares remained the same during the first half of 2018. The change in the weighted average number of common shares is the result of restating treasury stock, whose number has changed during the period (see note 21.2).

12.2 Diluted earnings per share

The share capital of the Group as of 30 June 2018 is only made up of ordinary shares of Maisons du Monde S.A.

Diluted earnings per share take into account the weighted average number of performance shares allocated to employees (see note 21.3) and the convertible bonds (see note 22).

(in € thousands, unless otherwise stated)	Half-Year 2018	Half-Year 2017
Profit (loss) for the period attributable to shareholders of the parent [(1)]	9,317	6,218
Weighted average number of ordinary shares *(in thousands)*	**45,213**	**45,227**
Adjustment for dilutive impact of performance shares	243	180
Dilutive effect of convertible bonds [(2)]	4,101	-
Adjusted weighted average number of ordinary shares, excluding treasury shares *(in thousands)*	**49,557**	**45,408**
DILUTED EARNINGS PER SHARE *(IN EUROS)*	**0.19**	**0.14**

(1) For the calculation of the diluted earning per share, the profit (loss) for the period has been restated of convertible bonds' interests.

(2) Shares that may be created in the event of conversion of all the convertible bonds issued by the Group.

Note 13 Dividend per share

For the fiscal year 2017, an ordinary dividend of €0.44 per share was allocated at the General Meeting of 18 May 2018 and paid on 20 June 2018 for €19,890 thousand. The dividend attributable to treasury shares has not been paid. The amount corresponding to the dividends not paid to the treasury shares, €16 thousand, have been allocated to reserves and the overall amount of the dividend has been adjusted accordingly.

2.7 Notes on consolidated interim statement of financial position

Note 14 Goodwill

(in € thousands)	France	International	Total
Balance as of 1 January 2017	**240,949**	**80,234**	**321,183**
Acquisitions	-	-	-
Disposals	-	-	-
Impairment	-	-	-
Currency translation differences	-	-	-
Balance as of 30 June 2017	**240,949**	**80,234**	**321,183**

(in € thousands)	France	International	Total
Balance as of 1 January 2018	**240,949**	**80,234**	**321,183**
Acquisitions	-	44,805	44,805
Disposals	-	-	-
Impairment	-	-	-
Currency translation differences	-	1,618	1,618
Balance as of 30 June 2018	**240,949**	**126,657**	**367,606**

The impairment test as at 31 December 2017 supported the Group's opinion that goodwill was not impaired. As at 30 June 2018 the Group considers that the assumptions used to assess the recoverable value of the goodwill as at 31 December 2017 are not substantially modified.

In addition, since the acquisition of Modani is recent, the Group considers that there is no event calling into question the assumptions made during the acquisition that may have an impact on the assessment of the recoverable value of the related goodwill.

No impairment was recorded in the first half of 2018.

Note 15 Other intangible assets

Intangible assets increase is mainly due to the purchase price allocation process following the acquisition of Modani. “Modani” brand is evaluated at €13.8 million and a profitable lease agreement is estimated at €1.2 million (see note 1).

As at 30 June 2018, the Group considers that the assumptions used to assess the recoverable value of the intangible assets (especially “Maisons du Monde” Brand) as at 31 December 2017 are not substantially modified and that no indication of impairment exists.

Note 16 Property, plant and equipment

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)	30 June 2018	31 December 2017
Finance leases gross value	10,340	10,687
Accumulated depreciation	(7,251)	(7,492)
NET CARRYING AMOUNT	**3,089**	**3,195**

Note 17 Other non-current financial assets

(in € thousands)	30 June 2018	31 December 2017 *
Equity securities (1)	2,295	2,295
Other financial assets (3)	13,450	14,659
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	**15,745**	**16,953**

(1) Equity securities mainly correspond to shares in Economic Interest Groups (Groupements d’Intérêt Économique) 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 stores, warehouses, headquarters and facilitites for €11.6m.

* *See note 2.5 “Restated consolidated financial statements”.*

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)	30 June 2018	31 December 2017*
Deferred tax assets	3,666	2,705
Deferred tax liabilities	(50,527)	(37,127)
TOTAL DEFERRED TAX ASSETS (LIABILITIES)	**(46,862)**	**(34,421)**

* *See note 2.5 “Restated consolidated financial statements”.*

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. Given the budget estimates, the Group has activated all tax loss carry-forwards, which are mainly generated as part of the French tax consolidation. They amount to €8,6m as at 30 June 2018, compared to €13.5m as at 31 December 2017. The change is mainly explained by the use of tax losses carried forward in connection with the French tax consolidation.

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. 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:

	30 June 2018		31 December 2017	
(in € thousands)	Asset	Liabilitiy	Asset	Liabilitiy
Forward foreign exchange contracts	1,679	14,778	-	37,990
TOTAL DERIVATIVE FINANCIAL INSTRUMENTS	**1,679**	**14,778**	**-**	**37,990**

All contracts are intended to cover the purchase of freight in US Dollars. These derivative financial instruments had a total nominal value of $459.2 million as of 30 June 2018, compared to $575.5 million as of 31 December 2017.

The amount recognized directly in equity at the end of June 2018 is €25.6 million and is dedicated to cover the forecasted cash-flows. The amount recognized in the profit or loss, in current result, for €(0,8) million corresponds to the time value for the change in fair value of hedging instruments ("premium/discount" component).

Note 21 Share capital and share premium

21.1 Shares

The share capital as of 30 June 2018 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 S.A.'s share capital amounted to €146,583,736.56 as at 30 June 2018.

21.2 Treasury shares

Treasury shares are Maisons du Monde S.A. shares held by the Group as part of a liquidity contract, in accordance with an Ethics Charter established by the French association of financial markets (AMAFI charter) and approved by the French financial markets authority (Autorité des marchés financiers), or as part of shares buyback plans allocated to performance shares plans.

As of 30 June 2018, the Group held 44,068 treasury shares under this liquidity contract compared to 12,100 as of 31 December 2017. As part of the shares buyback plans allocated to performance shares plans, the Group holds 1,193 treasury shares.

21.3 Share-based payments

a) Performance share plan n°3 amendment

On 19 May 2017, the Board of Directors adopted the *Plan d'actions gratuites n° 3*, which granted 34,500 performance shares to the Company's Chief Executive Officer.

Performance shares are subject to:

- a continued service requirement during the vesting period, calculated as from the grant date, of 31 months;
- performance requirements based on sales level, EBITDA and earning per share;
- a holding requirement, for the Company's General Manager, as from the grant date until the corporate office term.

Following the departure of the Chief Executive Officer on 30 June 2018, the Board of Directors granted a continued service requirement exemption for some performance shares allocated (23,000). Under this exemption, considering performance conditions remain unchanged, the performance shares will be definitively awarded to Company's Chief Executive Officer at the end of the vesting period.

Other terms of *Plan d'actions gratuites n° 3* remain unchanged.

b) New performance share plan

The 13th resolution adopted by the Extraordinary Shareholder's Meeting held on 19 May 2017 authorizes the Board of Directors to grant free shares to Group employees, up to a maximum of 2% of the Company's share over a 38-month period. Under this authority, the Board of Directors adopted a new plan on 18 May 2018 (*Plan d'actions gratuites n° 4*) which granted 146,435 performance shares to 390 beneficiaries located in France and abroad.

Performance shares are subject to:

- a continued service requirement during the vesting period: the shares granted to a beneficiary shall only finally vest if he or she has been an employee of a Group company during a vesting period, calculated as from the grant date, of 31 months. In the event of death, disability or retirement, the beneficiary retains his rights, being no longer required to satisfy the continued service requirement;
- performance requirements based on sales level and EBITDA for all beneficiaries;
- an additional performance requirement for the Executive Committee's members, based on the earning per share level.

The granted shares shall be either shares issued through a share capital increase performed by Maisons du Monde SA by no later than the definitive vesting date or shares bought back by the Group on the market prior to such date.

c) Information on the fair value of attribution of performance shares

The performance conditions as defined were deemed to have been fully at the valuation date.

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	Plan no. 2 16 December 2016	Plan no. 3 19 May 2017	Plan no. 4 18 May 2018
Duration of plan	3 years	2.58 years	2.58 years
Fair value of performance shares *(in €)*	22.51	31.28	33.61

As part of the performance share plans, an expense of €1.3 million (excluding social charges) was recognized in the income statement, with a corresponding increase in equity, within:

- other operating income and expenses for the part allocated to the former Company's Chief Executive Officer (see note 9);
- personal expenses for the part awarded to the other beneficiaries (see note 6).

Note 22 Net debt and borrowings

22.1 Net debt

The variation of borrowings and others financial debts is detailed as follows:

		Cash impact		Without cash impact					
(in € thousands)	31 December 2017	Increase	Decrease	Issuance fees	Finance leases	Interest	Change effect	Scope effect	
Convertible bond	173,615	-	-	149	-	2,043	-	-	175,807
Term loan	49,446	-	(337)	29	-	319	-	-	49,457
Revolving Credit Facilities	(1,045)	20,000	(387)	161	-	363	-	-	19,092
Other borrowings	-	-	(321)	6	-	-	51	1485	1,221
Finance leases	3,180	-	(475)	-	381	-	-	-	3,086
Deposits and guarantees	390	76	-	-	-	-	-	-	466
Banks overdrafts	45	3,067	-	-	-	-	-	-	3,112
Cash and cash equivalents	(100,138)	-	60,999	-	-	-	-	-	(39,139)
TOTAL NET DEBT	**125,493**	**23,143**	**59,479**	**346**	**381**	**2,725**	**51**	**1,485**	**213,103**

a) Convertible bond

On 6 December 2017, Maisons du Monde issued bonds convertible into new or existing shares ("OCEANE") due December 2023. Bonds have been issued at par value and bear interest at an annual rate of 0.125%.

The General Meeting of 18 May 2018 decided to distribute a dividend of €0.44 per share, resulting in a modification of the conversion/exchange ratio (see note 1.2).

As of 30 June 2018:

- the amount of the convertible bond, net of issuance fees, amounts to €175.8 million;
- effective interest rate stands at 2,55% and the financial expenses amounts to €2,192 thousand (debt accretion effect using the effective interest rate method).

During 2018, no bonds were converted or refunded.

b) Senior Credit Facilities ("Term Loan" and "RCF") and additional Revolving Credit Facility ("Additional RCF")

The senior credit facilities include a long-term credit facility of €50 million and a revolving credit facility ("RCF") of €75 million (drawn for € 20 million as of 30 June 2018).

The additional credit facility is €75 million (undrawn as of 30 June 2018).

The corresponding financial expenses are as follows:

	Finance expenses			
	Interest rate	**Margin**	**Commitment Fees**	**User fees**
Term loan	Euribor 6 month	1.00%	n/a	n/a
Revolving Credit Facility (available amount)	n/a	n/a	0.35%	n/a
Revolving Credit Facility (undrawn amount)				
Less than €25 million				0,1%
From €25 million to €50 million				0,2%
More than €50 million	Euribor 1, 3 or 6 months*	1.00%	n/a	0,4%

* *The applicable Euribor period depends on the interest rate period applicable to the relevant drawdown.*

The margin has been revised to 1.0% as of 6 April 2018.

The revolving credit facilities includes a financial covenant requiring the Leverage Ratio, which 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. No breach of financial covenant as at 30 June 2018.

22.2 Maturity of borrowings and other financial debts

As of 30 June 2018, the maturity ranges of borrowings and other financial debts are as follows:

	Maturity as of 30 June 2018			
(in € thousands)	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Convertible bond	(169)	175,976	-	175,807
Term loan	(162)	49,619	-	49,457
Revolving Credit Facilities	19,718	(626)	-	19,092
Other borrowings	1,221	-	-	1,221
Finance leases	869	2,217	-	3,086
Deposits and guarantees	-	-	466	466
Bank overdraft	3,112	-	-	3,112
TOTAL BORROWINGS	**24,590**	**227,186**	**466**	**252,243**

22.3 Fixed rate vs. variable rate

(in € thousands)	30 June 2018	31 December 2017
Floating rate	75,698	52,738
Fixed rate	176,544	172,893
TOTAL BORROWINGS	**252,243**	**225,631**

Floating rate borrowings includes the Term Loan, Credit revolving facilities, financial leases and bank overdrafts.

2

22.4 Borrowings by currency

The breakdown by currency of the net debt is broken down as follows:

	30 June 2018							
(in € thousands)	EUR	CHF	GBP	USD	IDR	INR	VND	Total
Convertible bond	175,807	-	-	-	-	-	-	175,807
Term loan	49,457	-	-	-	-	-	-	49,457
Revolving Credit Facilities	19,092	-	-	-	-	-	-	19,092
Other borrowings	-	-	-	1,221	-	-	-	1,221
Finance leases	3,086	-	-	-	-	-	-	3,086
Deposits and guarantees	466	-	-	-	-	-	-	466
Banks overdrafts	3,112	-	-	-	-	-	-	3,112
Cash and cash equivalents	(32,831)	(1,316)	(1,096)	(3,366)	(4)	(18)	(507)	(39,139)
TOTAL NET DEBT	**218,189**	**(1,316)**	**(1,096)**	**(2,145)**	**(4)**	**(18)**	**(507)**	**213,103**

	31 December 2017							
(in € thousands)	EUR	CHF	GBP	USD	IDR	INR	VND	Total
Convertible bond	173,615	-	-	-	-	-	-	173,615
Term loan	49,446	-	-	-	-	-	-	49,446
Revolving Credit Facilities	(1,045)	-	-	-	-	-	-	(1,045)
Finance leases	3,180	-	-	-	-	-	-	3,180
Deposits and guarantees	390	-	-	-	-	-	-	390
Banks overdrafts	45	-	-		-	-	-	45
Cash and cash equivalents	(92,318)	(3,583)	(1,075)	(2,838)	(16)	(19)	(289)	(100,138)
TOTAL NET DEBT	**133,313**	**(3,583)**	**(1,075)**	**(2,838)**	**(16)**	**(19)**	**(289)**	**125,493**

Note 23 Post-employment benefits

The employment benefits provision relates to defined benefit pension plans.

(in € thousands)	30 June 2018	31 December 2017
France	3,073	2,841
Swiss	260	232
Italy	5,021	4,630
DEFINED BENEFIT OBLIGATION	**8,354**	**7,703**

Note 24 Provisions

(in € thousands)	Provisions for commercial disputes	Provisions for labor disputes	Provision relating to stores (closures and lease disputes)	Tax Provisions	Other	Total
Balance as of 1 January 2017	**12,854**	**1,039**	**239**	**332**	**-**	**14,464**
Additionnal provisions	1,273	370	14	-	-	1,656
Unused amounts reversed	(30)	(349)	-	-	-	(380)
Amounts used during the year	(1,073)	(221)	(140)	(206)	-	(1,640)
Balance as of 30 June 2017	**13,024**	**839**	**113**	**126**	**-**	**14,100**
Of which non-current	*12,659*	*839*	*113*	*126*	-	*13,735*
Of which current	*365*	-	-	-	-	*365*
Balance as of 1 January 2018	**12,699**	**824**	**257**	**119**	**-**	**13,899**
Additionnal provisions	300	122	133	-	391	946
Unused amounts reversed	(113)	(37)	-	-	-	(150)
Amounts used during the year	(137)	(73)	(134)	-	-	(344)
Balance as of 30 June 2018	**12,749**	**837**	**257**	**119**	**391**	**14,353**
Of which non-current	*12,749*	*837*	*153*	*119*	*391*	*14,248*
Of which current	-	-	*104*	-	-	*104*

Note 25 Other non-current liabilities

The “Other non-current liabilities” correspond to:

- the step/free rent negotiated at the inception of a lease contract, which are recognized on a straight-line basis over the estimated term of the lease (€13.7 million). The current part of the step/free rent is registered in the “Trade payables and other current payables”;
- the earn-out related to the acquisition of Modani recognized at fair value on the date of acquisition (€6.3 million/see note 1.1);
- The debt related to put option granted to minority stockholders (€18.9 million). This debt is assessed at the present value of the option strike price (see note 1.1).

Note 26 Financial instruments

As at 30 June 2018, the financial assets and liabilities net carrying value are equal to the fair value, except for Term loan and Revolving credit facilities 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.

2.8 Additional information

Note 27 Commitments

The off-balance sheet commitments are disclosed in note 34 of the consolidated financial statements for the year ended 31 December 2017. There were no significant changes in off-balance sheet commitments between 31 December 2017 and 30 June 2018.

Note 28 Transactions with related parties

The transactions with related parties are disclosed in note 35 of the consolidated financial statements for the year ended 31 December 2017. There were no significant changes in transactions with related parties between 31 December 2017 and 30 June 2018.

Note 29 Scope of consolidation

As of 30 June 2018, 34 entities were consolidated in the financial statements (15 in 2017) and 4 entities by equity method (4 also in 2017).

Subsidiary	Activity	Country of incorporation	Consolidation method	As of 30 June 2018 % control	As of 30 June 2018 % interest	As of 31 December 2017 % control	As of 31 December 2017 % interest
Maisons du Monde S.A.	Holding Company – Parent entity	France	Full	100%	100%	100%	100%
Maisons du Monde France	Retail stores selling home furnishings and decorations/Main buyer	France	Full	100%	100%	100%	100%
Maisons du Monde Belgium	Retail stores selling home furnishings and decorations	Belgium	Full	100%	100%	100%	100%
Maisons du Monde Spain	Retail stores selling home furnishings and decorations	Spain	Full	100%	100%	100%	100%
Maisons du Monde Italy	Retail stores selling home furnishings and decorations	Italy	Full	100%	100%	100%	100%
Maisons du Monde Luxemburg	Retail stores selling home furnishings and decorations	Luxemburg	Full	100%	100%	100%	100%
Maisons du Monde Germany	Retail stores selling home furnishings and decorations	Germany	Full	100%	100%	100%	100%
Maisons du Monde Switzerland	Retail stores selling home furnishings and decorations	Switzerland	Full	100%	100%	100%	100%
MDM Furniture & Decoration	Retail stores selling home furnishings and decorations	United Kingdom	Full	100%	100%	100%	100%
Distrimag	Warehouse logistics and order preparation	France	Full	100%	100%	100%	100%
Distri-Traction	Container transport between harbor and warehouses	France	Full	100%	100%	100%	100%
Distri-Meubles	Customer delivery	France	Full	100%	100%	100%	100%
Chin Chin Limited	Holding Company	Hong Kong	Equity Method	50%	50%	50%	50%
Shanghai Chin Chin (1)	Furniture manufacturing	China	Equity Method	50%	50%	50%	50%
Mekong Furniture	Furniture manufacturing	Vietnam	Full	100%	100%	100%	100%
International MDM	Dormant entity	France	Full	100%	100%	100%	100%
International MGL	Dormant entity	France	Full	100%	100%	100%	100%
Maisons du Monde USA	Holding Company	United-States	Full	100%	100%	n.a	n.a
Modani Holdings LLC (2)	Holding Company and support fonctions	United-States	Full	100%	70%	n.a	n.a

(1) *Intermediray consolidated Group made up of Shanghai Chin Chin Furnishing, Wujiang Chin Chin Furniture and Wujiang Henghui Machinery.*

(2) *Intermedediary consolidated Group made up of holding activities, support functions, purchases and retail activities (stores and web).*

Note 30 Events after the reporting period

The Group did not identify any significant subsequent event after the reporting period ended 30 June 2018.

Statutory auditors' review report on the Half-yearly Financial Information

Period from 1 January to 30 June 2018

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.

To the Shareholders,

Under the terms of the assignment untrusted to us by your bylaws and your Shareholders' 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 1 January to 30 June 2018;
- 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.

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 AFEP audit. Accordingly, we do not express an audit opinion.

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 Paris-La Défense, 2 August 2018

The statutory auditors,

French original signed by

KPMG Audit	Deloitte & Associés
Département de KPMG S.A.	Jean Paul Séguret
Gwenaël Chédaleux	*Partner*
Partner	

Statement by the person responsible for the Half-Year Financial Report

"I hereby declare that, to the best of my knowledge, the condensed consolidated financial statements for the half year ended 30 June 2018 have been prepared in accordance with the applicable accounting standards and that they give a true and fair view of the assets, financial position and results of the Company and of all the companies within its scope of consolidation, and that the attached half-year activity report gives a true picture of the significant events that 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 a description of the main risks and uncertainties for the remaining six months of the fiscal year."

2 August 2018

Julie Walbaum

Chief Executive Officer

Designed & published by LABRADOR +33 (0)1 53 06 30 80

MAISONS DU MONDE

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