HALF-YEAR REPORT
TO 30 JUNE 2010

CONTENTS

Highlights

	First half 2010 € million	First half 2009 € million	change %	% change at constant exchange rates
Net sales	**515.7**	**441.8**	**16.7**	**14.8**
Contribution margin	209.5	176.9	18.5	17.1
EBITDA before one-offs	128.6	109.1	17.9	17.1
EBITDA	**127.0**	**107.5**	**18.1**	**17.3**
EBIT before one-offs	116.0	98.4	17.9	17.3
EBIT	**114.4**	**96.8**	**18.2**	**17.4**
EBIT margin (EBIT/net sales)	**22.2%**	**21.9%**		
Profit before tax	97.7	83.3	17.3	16.0
Group and minorities' net profit	69.5	60.3	15.2	13.5
Group net profit	**69.3**	**60.1**	**15.2**	**13.6**
Basic and diluted earnings per share (€)	0.12	0.10		
Average number of employees	2.216	1.855		
Free Cash Flow	40.8	140.2		
Acquisitions of companies and trademarks	-	432.1		

	30 June 2010 € million	31 December 2009 € million
Net debt	656.2	630.8
Shareholders' equity - Group and minorities	1,224.8	1,046.0
Fixed assets	1,701.0	1,519.8

Corporate officers

Board of Directors (1)

Luca Garavoglia	Chairman
Robert Kunze-Concewitz	Managing Director and Chief Executive Officer
Paolo Marchesini	Managing Director and Chief Financial Officer
Stefano Saccardi	Managing Director and General Counsel and Business Development Officer
Eugenio Barcellona	Director and member of the Remuneration and Appointments Committee(4)
Enrico Corradi	Director and member of the Remuneration and Appointments Committee,(4) and member of the Audit Committee(5)
Karen Guerra	Director
Thomas Ingelfinger	Director and member of the Remuneration and Appointments Committee(4) and member of the Audit Committee(5)
Marco P. Perelli-Cippo	Director and member of the Audit Committee(5)

Board of Statutory Auditors (2)

Pellegrino Libroia	Chairman
Enrico Colombo	Permanent Auditor
Carlo Lazzarini	Permanent Auditor
Giovanni Bandera	Deputy Auditor
Graziano Gallo	Deputy Auditor
Emilio Gnech	Deputy Auditor

Independent auditors(3)

PricewaterhouseCoopers SpA

(1) The nine members of the Board of Directors were appointed on 30 April 2010 by the shareholders' meeting for the three-year period 2010-2012. Luca Garavoglia was appointed Chairman and granted powers in accordance with the law and the Company's articles of association.
At the same meeting, the Board of Directors vested Managing Directors Robert Kunze-Concewitz, Paolo Marchesini and Stefano Saccardi with the following powers for three years until approval of the 2012 accounts:

- with individual signature: powers of ordinary representation and management, within the value or time limits established for each type of function;
- with joint signature: powers of representation and management for specific types of functions, within the value or time limits deemed to fall outside ordinary activities.

(2) The shareholders' meeting of 30 April 2010 also appointed the Board of Statutory Auditors for the three-year period 2010-2012.
(3) At the same meeting, the shareholders awarded the auditing mandate for the nine-year period 2010-2018 to PricewaterhouseCoopers S.p.A.
(4)(5) The Remuneration and Appointments Committee and the Audit Committee were appointed, for the three year period 2010-2012, by the Board of Directors on 30 April 2010.

Interim report on operations

Significant events during the period

Distribution of Sagatiba in Brazil

On 1 March 2010, Campari do Brasil Ltda. acquired the rights to distribute Sagatiba *cachaça* in Brazil and seven other markets in South America.
With Sagatiba, the market leader in the premium *cachaça* segment, the Group entered the *cachaça* market, the most important spirits category in Brazil by volume, and completed its premium brand portfolio in South America.

Distribution of Morrison Bowmore Scotch whisky in Italy

On 1 March 2010, Campari Italia S.p.A. began to distribute Bowmore (Islay) single malt Scotch whisky of Morrison Bowmore Distilleries, a subsidiary of Japanese group Suntory on the Italian market.
This agreement completes the Group's Italian offer of whiskies in its portfolio, which includes its own brands Glen Grant (single malt) and Old Smuggler (blended) and the third-party brands distributed by the Group, Jack Daniel's (Tennessee whisky) and Tullamore Dew (Irish whiskey).

Campari Australia

On 1 April 2010, Campari Australia Pty Ltd., the company created at the end of 2009 to manage the distribution of the Group's brands in the Australian market, became operational.
Specifically, the company commenced sales activities for Skyy Vodka, Skyy Blue, Riccadonna and, more generally, the Group's other brands in this market on 1 April 2010, and began the distribution of Wild Turkey on 1 July 2010.
Previously the Group had used third-party distributors to market its products in Australia.

Extraordinary shareholders' meeting of the Parent Company

On 30 April 2010, the extraordinary shareholders' meeting of Davide Campari-Milano S.p.A. approved a capital increase via a bonus share issue of 290,400,000 new shares with a nominal value of € 0.10 per share and the same characteristics as the ordinary shares outstanding.
The new shares have been issued free of charge to shareholders in the ratio of one new share for each share held, through the use of retained earnings.
Following the bonus issue, the fully paid-up share capital reached € 58,080,000, comprising 580,800,000 ordinary shares with a nominal value of € 0.10 per share.

Ordinary shareholders' meeting of the Parent Company

On 30 April 2010, the ordinary shareholders' meeting of Davide Campari-Milano S.p.A. approved the financial statements for the full year 2009 and agreed the payment of a dividend of € 0.06 per share outstanding following the bonus share issue approved by the extraordinary shareholders' meeting.
At € 0.055 per share, the dividend is 9.1% higher than that paid out for 2008 (before the bonus share issue, the dividend would have amounted to € 0.12 per share, compared with € 0.11 per share for 2008).
The total dividend, calculated on the shares outstanding and excluding treasury shares (4,245,248 shares) is € 34,593,285.

The shareholders' meeting also:
- appointed, for the three-year period 2010-2012, the new Board of Directors, composed of Eugenio Barcellona, Enrico Corradi, Luca Garavoglia, Karen Guerra, Thomas Ingelfinger, Robert Kunze-Concewitz, Paolo Marchesini, Marco P. Perelli-Cippo and Stefano Saccardi
- renewed Luca Garavoglia's mandate as Chairman for the three-year period 2010-2012
- appointed the Board of Statutory Auditors, also for the three-year period 2010-2012, comprising Pellegrino Libroia as Chairman, Enrico Colombo and Carlo Lazzarini as Permanent Auditors
- appointed PricewaterhouseCoopers S.p.A. as the new auditor approved for the nine-year period 2010-2018, following the expiry of the previous mandate held by Reconta Ernst & Young S.p.A..

Purchase of treasury shares

From 1 January to 30 June 2010, 2,320,000 treasury shares were acquired for an average unit price of € 3.99, and 3,889,952 treasury shares were sold.

At 30 June 2010, the Parent Company held 3,338,288 treasury shares, equivalent to 0.6% of the share capital.

Sales performance

Overall performance

In the first half of 2010, the Campari Group's net sales totaled € 515.7 million, with an overall increase of 16.7% compared with the same period of 2009.

On a like for like basis and at constant exchange rates, organic growth was 8.7%, while external growth was 6.1% and exchange rate movements had a positive effect of 2.0%, as shown in the table below.

	€ million	% compared to first half of
- net sales in the first half of 2010	515.7	
- net sales in the first half of 2009	441.8	
Total change	**73.9**	**16.7%**
of which		
organic growth	38.3	8.7%
external growth	26.9	6.1%
exchange rate effect	8.7	2.0%
Total change	**73.9**	**16.7%**

The half year closed, therefore, with good organic sales growth of 8.7%, the result of an extremely positive first quarter (14.5%) and a satisfactory second quarter, in which organic growth was 4.3%, as shown in the table below.

				% change			
		2010	2009	total	organic	external	exchange rate effect
First quarter	€ million	233.6	190.1	43.5	27.5	15.6	0.4
	% change on 2009			22.9%	**14.5%**	8.2%	0.2%
Second quarter	€ million	282.1	251.7	30.4	10.8	11.3	8.3
	% change on 2009			12.1%	**4.3%**	4.5%	3.3%
First half	€ million	515.7	441.8	73.9	38.3	26.9	8.7
	% change on 2009			16.7%	**8.7%**	6.1%	2.0%

Note, however, that in the first half of 2009, sales were hit by the escalation of the financial crisis and the resulting reduction in distributors' stock levels in certain key markets for the Group, such as the US, Brazil and Russia. This phenomenon therefore led to a favorable comparison with the sales figure for last year, which was more marked in the first quarter than in the second.

Even without considering these three markets, which showed extremely high, and to some extent, abnormal growth rates in the period, the Group recorded positive results in the first half of the year for its three main brands, Campari, SKYY Vodka and, most significantly, Aperol.

Average exchange rates had a positive impact of 2.0% on sales in the first half, due mainly to the rise in value of the Brazilian real, which appreciated by 22.4% compared with the average of the first half of 2009.

Conversely, the US dollar only rose significantly in the second quarter, which meant that the average exchange rate for the first half of the year was broadly similar to 2009 (+0.3%), despite the fact that at 30 June 2010 its value was 15.2% higher than in 2009.

The table below, which sets out the average exchange rates of the most important currencies for the Group, shows that, with the sole exception of the Argentine peso, all currencies rose against the euro (although the positive effect on sales was negligible, with the exception of the revaluation of the Brasilian real).

Exchange rates for the period	1 January – 30 June 2010	1 January – 30 June 2009	% change
US$ x € 1 average for the period	1.328	1.332	0.3%
US$ x € 1 exchange rate at 30 June	1.227	1.413	15.2%
BRC x € 1 average for the period	2.387	2.922	22.4%
BRC x € 1 exchange rate at 30 June	2.208	2.747	24.4%
CHF x € 1 average for the period	1.437	1.506	4.8%
CHF x € 1 exchange rate at 30 June	1.328	1.527	14.9%
CNY x € 1 average for the period	9.068	9.103	0.4%
CNY x € exchange rate at 30 June	8.322	9.655	16.0%
GBP x € 1 average for the period	0.870	0.894	2.7%
GBP x € 1 exchange rate at 30 June	0.817	0.852	4.2%
ARS x € 1 average for the period	5.137	4.846	-5.7%
ARS x € exchange rate at 30 June	4.826	5.359	11.0%
MXN x € 1 average for the period	16.829	18.433	9.5%
MXN x € 1 at 30 June	15.736	18.554	17.9%

Wild Turkey and external growth

As regards external growth, the first half of the year benefited significantly from sales relating to the acquisition of Wild Turkey, which amounted to € 30.7 million in the first half of 2010. Since the Group acquired this business at the end of May 2009 and started to consolidate it from 1 June 2009, sales in the first five months of 2010 (totalling € 26.8 million) were considered as external growth while those in June (€ 3.9 million) were included in the organic component of the Group's performance.

Note also that in regard to Wild Turkey, changes to the distribution structure on the Australian market (the brand's second-largest market after the US) had a significant impact on sales in the first half of 2010.

As the Group did not have its own sales network in this important market but operated through third-party distributors, the seller, Pernod Ricard, undertook the distribution of this brand for the period from the closing of the acquisition until 1 July 2010.

Campari Australia Pty Ltd., the company established to distribute the Group's Brands in the Australian market started to sell Skyy Vodka, Skyy Blue, Riccadonna and, more generally, the Group's other brands in this market from 1 April 2010, and Wild Turkey from 1 July 2010.

In view of the imminent expiry of the distribution agreements, the Group cut back sales of the above-mentioned products in the first half of the year in order to run down stocks on the market and, in this way, simplify the transfer of the brands.

As a result, Australian sales of the Wild Turkey brand were modest in the first half of the year, although consumption figures confirm the brand is in excellent health.

The table below gives a full breakdown of external growth, which totalled € 26.9 million, by Group or third-party brand, including the negative effect of € 2.8 million due to the discontinuation of the distribution agreement with Marnier Lapostolle in Italy and Germany, and the positive contribution of the sales of a Group brand, Odessa sparkling wines.

Sales - first half of 2010: breakdown of external growth	€ million
Wild Turkey	26.8
Odessa	1.1
Sub-total - Group brands	**27.9**
Discontinued distribution of the Société des Produits Marnier Lapostolle brand in Italy and Germany	-2.8
Third-party brands in Italy (Icario), Germany (Licor 43) and Brazil (CachaçaSagatiba)	1.0
Co-packing contract for Legui in Argentina	0.9
Sub-total - third-party brands	**-1.0**
Total external growth	**26.9**

Sales by region

Sales in all regions were positive in the first half of the year, albeit at widely varying growth rates, ranging from 46.1% in the Americas to 2.2% in Italy. This marked difference in growth trends significantly changed the relative contribution of the sales of each area compared with the first half of 2009: Italy is still the Group's main market but accounts for only 39.6% of total sales, compared with 45.2% in the prior year, while the Americas increased their contribution from 27.3% in the first half of 2009 to 34.1% at the end of June 2010.

	First half 2010		First half 2009		% change
	€ million	%	€ million	%	2010 / 2009
Italy	204.1	39.6%	199.6	45.2%	2.2%
Europe	107.8	20.9%	96.3	21.8%	11.9%
Americas	175.9	34.1%	120.4	27.3%	46.1%
Rest of the world and duty free	27.9	5.4%	25.5	5.8%	9.6%
Total	**515.7**	**100.0%**	**441.8**	**100.0%**	**16.7%**

Since both acquisitions and exchange rates had a significant effect on sales, the performance of each area should be assessed according to the figures in the following table, which separately shows the impact of organic growth, external growth and exchange rates.

Breakdown of % change		% change		
	Total	organic growth	external growth	Exchange rate effect
Italy	2.2%	2.9%	-0.7%	0.0%
Europe	11.9%	11.0%	0.5%	0.4%
Americas	46.1%	24.7%	15.0%	6.4%
Rest of the world and duty free	9.6%	-30.2%	37.6%	2.2%
Total	**16.7%**	**8.7%**	**6.1%**	**2.0%**

Sales in **Italy** increased by 2.2% in the first half of 2010 and, stripping out the negative effect of the discontinued distribution of Grand Marnier, organic growth was 2.9%.
Aperol and Campari put in excellent performances: the particularly favourable trend in the consumption of aperitifs, together with an effective promotional and advertising campaign, enabled the Group to achieve more than satisfactory sales, especially if considered in light of the overall stagnation in consumer spending.
In more general terms, total organic growth in Italy was the result of a good performance by the spirits segment as a whole, which offset the contraction in soft drinks and wines (with the sole exception of Cinzano sparkling wines).

In the rest of **Europe**, total growth was 11.9%, due almost entirely to solid organic growth (11.0%) recorded in all the main markets: Germany, France, Austria, Switzerland and Spain.
Russia also made an extremely significant contribution to sales in the region. In this case too, growth was due to the favourable comparison with sales in the first half of 2009, which were strongly affected by the severe decline in orders following the financial crisis.
Sales in the region also benefited from a modest positive exchange rate effect (0.4%) caused by the rise in the Swiss franc, as well as a positive external growth effect (0.5%) relating to Odessa and Wild Turkey, which offset the decline from the discontinued distribution of Grand Marnier in Germany.

In the **Americas** region, sales grew by a total of 46.1%, due to strong organic growth (24.7%) as well as high external growth (15.0%) and a favorable exchange rate effect (6.4%). In order to assess the results in this region more accurately, trends in the two main markets of the US and Brazil have been analyzed separately and are shown in the two tables below.

	First half 2010		First half 2009		% change
	€ million	%	€ million	%	2010 / 2009
USA	115.0	65.4%	86.5	71.8%	33.0%
Brazil	41.0	23.3%	20.6	17.1%	99.1%
Other countries	20.0	11.4%	13.4	11.1%	49.4%
Total	**175.9**	**100.0%**	**120.4**	**100.0%**	**46.1%**

Breakdown of % change		% change		
	Total	organic growth	external growth	exchange rate effect
USA	33.0%	13.3%	19.5%	0.2%
Brazil	99.1%	61.3%	1.7%	36.1%
Other countries	49.4%	41.9%	6.7%	0.8%
Total	**46.1%**	**24.7%**	**15.0%**	**6.4%**

In the **US**, sales grew by 33.0% in the first half of 2010, due both to the substantial contribution of the Wild Turkey acquisition (19.5%) and to double-digit organic growth (13.3%). Note, once again, that the US is one of the markets that particularly benefits from a comparison between the half-yearly results for the two periods under review, given that orders from distributors declined sharply in 2009 as they sought to reduce their stocks and capital commitments.
Moreover, consumption of the Group's spirits in the US market continued to record positive real growth rates, some of which outperformed market trends, although they were considerably lower than the 13.3% achieved by the Group in the first half of last year.
The appreciation of the US dollar had a small but positive effect of 0.2% on Group sales.

In **Brazil**, sales advanced by 99.1% thanks to organic growth of 61.3% and a positive exchange rate effect of 36.1% (due to the strengthening of the Brazilian real).
The favorable comparison with the first half of 2009 was even more pronounced for Brazil than for other markets (e.g. the US and Russia), since in addition to the generalized destocking prompted by the credit crunch, certain adverse circumstances severely affected sales last year.
In particular, sales in the first half of 2009 were affected both by early anticipating orders by wholesalers in the first half of 2008 before the increase in excise duties (IPI) came into effect on 1 January 2009 and the change in the commercial policy implemented by the Group in early 2009, aimed at reducing its dependence on large, individual distributors, which led to a further squeeze on stocks in the distribution channel.

Sales in **other countries in the Americas region** rose by 49.4% in total, thanks to organic growth of 41.9%, which was mainly attributable to the results achieved in Argentina, Mexico and Canada.

It is also worth noting that, following the acquisitions made in 2009, the Group now manages distribution in both Argentina and Mexico through its own sales organisations. This has given the Group better brand management in these markets and enabled it to improve the efficiency of its sales activities.

Sales in the **Rest of the world and duty free** segment, which together account for 5.4% of the Group total, achieved overall growth of 9.6% in the first half of 2010, the combined result of external growth of 37.6% and an organic decline of 30.2%.
Specifically, external growth was attributable to sales of Wild Turkey in the January-May period, achieved predominantly in Australia, Japan and the duty-free channel.
Conversely, the decline in organic growth, as mentioned above, was due to fewer sales to third-party distributors of certain brands (Riccadonna, Skyy Vodka, Skyy Blue and Wild Turkey) as sales activities for these brands were gradually transferred from third parties to Campari Australia Pty Ltd. This decrease, which was not matched by a decline in consumption in the market, was implemented in order to reduce distributors' stock levels ahead of the expiry of the contracts.
Of the Group's other key markets in the Rest of the world, China achieved particularly good sales figures during the period.

Sales by business area
The Group's positive sales performance in the first half of the year (+16.7%) was due to growth in the spirits segment, which more than offset the contraction in the wines and soft drinks segments.
The two tables below show changes in sales by business area and a breakdown of the overall change in each business area by organic growth, external growth and effect of exchange rate movements.

	First half 2010		First half 2009		% change
	€ million	%	€ million	%	2010 / 2009
Spirits	396.5	76.9%	319.3	72.3%	24.2%
Wines	59.1	11.5%	59.8	13.5%	-1.3%
Soft drinks	53.9	10.5%	56.8	12.9%	-5.1%
Other sales	6.1	1.2%	5.8	1.3%	6.1%
Total	**515.7**	**100.0%**	**441.8**	**100.0%**	**16.7%**

Breakdown of % change		% change		
	Total	organic growth	external growth	exchange rate effect
Spirits	24.2%	13.9%	7.8%	2.5%
Wines	-1.3%	-4.0%	1.8%	0.9%
Soft drinks	-5.1%	-5.1%	0.0%	0.0%
Other sales	6.1%	-10.5%	14.7%	1.9%
Total	**16.7%**	**8.7%**	**6.1%**	**2.0%**

Spirits

Sales of spirits totaled € 396.5 million, a rise of 24.2% compared with the first half of last year.

Sales in the spirits segment as a percentage of the Group total increased from 72.3% to 76.9% (it was 73.3% in the full year 2009) due to strong organic growth (13.9%), external growth (7.8%) and, to a lesser extent, to the exchange rate effect (2.5%).

As for the Group’s main brands, sales of **Campari** rose by 10.3% at constant exchange rates (13.3% at actual exchange rates) in the first half of 2010.
The brand’s performance was particularly positive in Italy, but was also good in many key western European markets. The strongest contribution, however, came from Brazil, where the brand was boosted by a favourable comparison with last year (see the previous section, “Sales by region” – Brazil).

The **SKYY** brand, which includes the SKYY Infusions range, closed the first half with growth of 7.6% at constant exchange rates (8.5% at actual exchange rates, due mainly to the strengthening of the Brazilian real).
In the US market, sales rose by 4.7% as a result of moderate growth in SKYY Vodka and the good performance recorded by the Infusions range, a trend that was also confirmed by depletions (sales of distributors to the retail market).

Outside the US, the sales performance remained strong, with double-digit growth in key markets such as Canada, Brazil, Italy and Germany.

Aperol posted another outstanding result (sales up 34.7% at constant exchange rates and 34.8% at actual exchange rates), even managing to surpass its uninterrupted run of double-digit growth over the last few years.

The reason for this excellent performance is that, in addition to continuous double-digit growth on the Italian market (which accounts for around two-thirds of the brand’s sales), Aperol has seen exceptional growth in Germany and Austria.

Sales of **Campari Soda**, which are almost entirely concentrated on the Italian market, fell slightly in the first half compared with the previous year (0.6%).

Sales of the **Brazilian brands** Old Eight, Drury's and Dreher posted exceptionally strong organic growth in the first half (63.6%), partly due to the favourable comparison with the first half of 2009. At actual exchange rates, growth was even more impressive (100.1%), thanks to the sharp rise in the value of the Brazilian real.

Combined sales of **Glen Grant and Old Smuggler** rose by 11.5% at constant exchange rates (10.5% at actual exchange rates, due to the impact of the fall in value of the Argentine peso on sales of Old Smuggler).

Glen Grant performed particularly well, thanks to healthy sales in its three main markets of Italy, France and Germany.

Total sales of Old Smuggler grew more slowly; however, in Argentina, its main market, the brand performed very well.

Ouzo 12 posted modest growth in the first half (0.9% at constant exchange rates and 1.0% at actual exchange rates). Its strong performance in Germany offset the decline in the Greek market, which is currently experiencing severe difficulties.

Sales of **Cynar** advanced by 0.2% at constant exchange rates (5.8% at actual exchange rates), due to the combined effects of the brand's positive performance in Italy, a decline in Switzerland and relative stability in Brazil.

X-Rated Fusion Liqueur sales, which are almost entirely concentrated in the US market, fell by 14.1% in local currency (-13.8% at actual exchange rates), due to the reduction in stock levels implemented by US distributors. However, consumption of this brand, valued on a moving year basis, remains positive.

Sales of **Cabo Wabo** increased by 77.1% (77.9% at actual exchange rates) in the first six months of the year.
This high growth rate, while proving that consumption of the brand is becoming more popular, must also be assessed in relation to the events that occurred in the first half of 2009. Specifically, the reduction in stock levels of products with a high unit price by US distributors, and the concentration of sales in the bars and restaurants channel, led to a sharp decline in orders, resulting in a particularly favourable basis of comparison in 2010. That said, sales of Cabo Wabo in 2010 benefited from both the effective re-packaging of the product, which now makes it look much more premium, and a slight price adjustment, introduced to react to the commercial aggressiveness of some competitors.

Of the Group's other spirits brands, sales of **Zedda Piras** and **Aperol Soda** declined in the first half of the year by 2.2% and 4.1% respectively.

Overall, all the main **third-party brands** sold well. In particular:
- sales of Jägermeister, which is distributed on the Italian market, rose by 9.0%
- sales of Jack Daniel's, which is also distributed on the Italian market, grew by 19.0%
- sales of Scotch whisky (Cutty Sark and Morrison Bowmore), which is mainly distributed in the US, increased by 29.0% at constant exchange rates (30.1% at actual exchange rates)
- sales of C&C group brands rose by 11.7% (12.5% at actual exchange rates)
- sales of Suntory brands advanced by 25.7% (26.0% at actual exchange rates)
- sales of Russian Standard vodka, realized mainly in Germany, Switzerland and Austria, grew by 1.9% (2.4% at actual exchange rates).

Wines

Sales of wines in the first half of 2010 totalled € 59.1 million, falling by 1.3% compared with the same period of 2009.

The segment benefited from external growth of 1.8%, relating to sales of Odessa sparkling wines in Ukraine that were achieved in the first quarter of the year, and a slight positive exchange rate effect of 0.9%; stripping out these favourable effects, the wines segment experienced an organic decline in sales of 4.0%.

Of the Group's main products, the **Cinzano** brand had a positive performance in the first half of the year.
Specifically, **Cinzano sparkling wines** posted sales growth of 3.6% (3.8% at actual exchange rates), thanks to a good performance on the Italian market and the orders' pick-up in Russia; this was partially offset by a slight decline in sales in Germany, by far the Group's most important market.
Sales of **Cinzano Vermouth** grew by 3.3% (5.2% at constant exchange rates) and, here too, the recovery in the Russian market, which again became the brand's largest market, played a determining role.
Sales of this brand, however, were not concentrated in one area, and posted mixed results across the various markets around the world.

Riccadonna, whose sales are concentrated in Australia, recorded a sharp contraction of 50.1% in the period (46.5% at actual exchange rates). The decline was due entirely to the termination of the relationship with the local distributor on 31 March 2010, which affected orders in the first quarter of 2010 (see comments in the previous section "Sales by region" – Rest of the world).

Conversely, sales of **Mondoro**, whose main market is Russia, were up sharply by 47.0% in the period (45.9% at current exchange rates), again partly due to the recovery in the Russian market following the crisis in 2009, as discussed above.

As for the first-half performance of still wines, sales decreased for all three of the Group's Italian brands in the first half of 2010: **Sella & Mosca** by 5.2%, **Teruzzi & Puthold** by 1.7% and **Cantina Serafino** by 7.5%. Generally speaking, the Group's performance in the wines segment experienced a decline on the domestic market and modest growth in exports.

Soft drinks

In the first half of 2010, sales of soft drinks totaled € 53.9 million, a drop of 5.1% on the same period of 2009.
The unfavorable weather conditions, especially in the second quarter of the year, certainly did not help to revive sales in this segment. Moreover, due in part to the strong growth seen in spirits, soft drink sales as a percentage of total Group sales fell from 12.9% in the first half of 2009 to 10.5%.

Crodino closed the first half of the year with a decline of 4.3%, attributable mainly to the performance of the day bars channel which is affected by a slowdown of footfall and closures.

The decline in sales of traditional soft drinks was more marked: the **Lemonsoda** range recorded a fall of 6.1% in the first half; this could, however, be recouped in the second half of the year, partly thanks to the successful launch of the line extensions Lemonsoda Zero and Mojito Soda, while sales of **Crodo mineral waters** dropped by 10.7% compared with the first half of 2009.

Other sales

This minor segment includes revenues from co-packing and sales to third parties of raw materials and semi-finished goods. It represents just over 1% of the Group's total sales.
In the first half of 2010, the segment posted growth of 6.1% versus last year, thanks to significant revenues from the new activity of bottling the liqueur Legui for third parties in Argentina. This external growth in the period offset the lower sales of malt distillate produced and sold in Scotland by Glen Grant Distillery Company Ltd.

Income statement

The Group closed the first half of 2010 with positive financial results, which showed good growth in all profitability indices, including EBIT.
Excluding the positive effects relating to the acquisition of Wild Turkey and the favorable exchange rate effect, EBIT grew by 14.1%, in organic terms, compared with the first half of 2009.
Moreover, as fully commented on several times in the previous section on sales, the first half of the year benefited from a favorable basis of comparison with 2009, given that the negative effects of the financial crisis that erupted at the end of 2008 were particularly severe in the first half of last year.

	First half 2010		First half 2009		change
	€ million	%	€ million	%	%
Net sales	515.7	100.0	441.8	100.0	16.7
Cost of goods sold after distribution costs	(216.1)	-41.9	(192.9)	-43.7	12.0
Gross profit after distribution costs	299.6	58.1	248.9	56.3	20.4
Advertising and promotional costs	(90.0)	-17.5	(72.0)	-16.3	25.0
Contribution margin	209.5	40.6	176.9	40.0	18.5
Structure costs	(93.6)	-18.1	(78.5)	-17.8	19.2
EBIT before one-offs	116.0	22.5	98.4	22.3	17.9
One-offs: income and charges	(1.6)	-0.3	(1.6)	-0.4	-
EBIT	114.4	22.2	96.8	21.9	18.2
Net financial income (charges)	(16.4)	-3.2	(9.4)	-2.1	75.0
One-offs: charges	-	0.0	(3.9)	-0.9	-100.0
Portion of profit (loss) relating to companies accounted for using the equity method	(0.2)	0.0	(0.3)	-0.1	-
Put option charges	(0.2)	0.0	-	0.0	-
Profit before taxes and minority interests	97.7	18.9	83.3	18.9	17.3
Taxes	(28.2)	-5.5	(23.0)	-5.2	22.9
Net profit	69.5	13.5	60.3	13.7	15.2
Minority interests	(0.2)	0.0	(0.2)	0.0	-
Group net profit	69.3	13.4	60.1	13.6	15.2
Total depreciation and amortisation	(12.6)	-2.4	(10.7)	-2.4	17.7
EBITDA before one-offs	128.6	24.9	109.1	24.7	17.9
EBITDA	127.0	24.6	107.5	24.3	18.1

Net sales for the first half of the year were € 515.7 million, a rise of 16.7% on last year, thanks to robust organic growth (8.7%), healthy external growth (6.1%) and a positive exchange rate effect (2.0%). For more details on these effects and on sales by region and business area, please refer to the sales performance section above.

The total **cost of goods sold** increased by 12.0%, a rate considerably lower than sales growth (16.7%); as a percentage of sales, it fell by 180 basis points, from 43.7% in 2009 to 41.9% in the first six months of 2010.
This improvement in the cost of goods sold was attributable to the combined effect of three positive factors, set out below.
First, the sales mix in the first half of the year was considerably better than in 2009; the most profitable segment – spirits – recorded a rise of 24.2%, while the rest of the Group's sales (wines, soft drinks, etc.) had an overall decline of 2.7%. Specifically, the only change to the basis of consolidation in the spirits sector, which related to Wild Turkey, led to a reduction of 40 basis points in the cost of goods sold as a percentage of sales.
Second, rising raw materials prices, which although expected to be fairly limited on an annual basis, normally affect the cost of goods sold less in the first half of the year than the second. This is due both to the use in the first half of the year of inventory stocks built up at more advantageous prices, and to the fact that annual price changes for these materials are introduced from July onwards.
Third, strong sales growth led to a proportional decrease in fixed production and logistics costs, and thus had a positive impact on the cost of goods sold as a percentage of sales.

Gross profit, which came in at € 299.6 million, grew by 20.4%, rising more than sales (16.7%) due to the lower cost of goods sold.

Advertising and promotional expenses stood at € 90.0 million, substantially higher than in the first half of 2009, both in absolute terms (25.0%) and as a percentage of sales, rising from 16.3% to 17.5%.
Once again, we should note that 2009 was affected by the particularly unsettled outlook at the start of the year and the huge uncertainty in short-term forecasts, which influenced some advertising investment decisions in the first few months. Note, also, that advertising returned to considerably higher levels in the second half of 2009, closing the year at 17.0% of sales.
Investment is expected to be more balanced in the two halves of 2010, and is likely to reach an annual percentage of sales of between 17.5% (the level reached in June) and 18.0%.

The **contribution margin** came to € 209.5 million in the first half of 2010, representing an overall growth of 18.5% on last year, broken down as follows:
- organic growth of 10.4%
- external growth of 6.7%
- favourable exchange rate effect of 1.4%

Structure costs, which include sales and general and administrative expenses, increased by 19.2% overall, rising as a percentage of sales from 17.8% to 18.1% in the first half of 2010.
The substantial increase in the absolute value of structure costs (19.2%) includes a sizeable external growth effect amounting to 11.1%, or more than half of total growth. This external growth effect was partly due to the new operating subsidiaries in Belgium and Ukraine, which were consolidated on 1 April 2009, but mainly to the acquisition of Wild Turkey; this had a limited effect on structure costs in the US but led to the establishment of a new subsidiary in Australia.
Campari Australia Pty Ltd., which was created at the end of 2009 to directly manage the sales of Wild Turkey in this important market (and some of the Group's other brands), commenced operations on 1 April 2010. For the purposes of analysing the results, by separating the organic growth of existing structure costs from those relating to external growth, the Group decided to identify all the structure costs for the new Australian company in 2010 and charge them to external growth.
The rise in average exchange rates also had an impact of 2.3% on the increase in structure costs, which on a same-structure basis and at constant exchange rates, showed organic growth of 5.7%.

EBIT before one-offs was € 116.0 million, a rise of 17.9% compared with last year. Net of changes in the basis of consolidation (3.2%) and exchange rate effects (0.6%), this profitability indicator grew by 14.0%.

One-offs showed a net negative balance of € 1.6 million, mainly due to provisions for risks and future liabilities of € 3.9 million, restructuring costs of € 1.9 million, other miscellaneous costs of € 0.6 million and income of € 4.8 million relating to the adjustment to fair value of a payable posted to the balance sheet for the payment of put options and earn outs.
In 2009, the item showed a net negative balance of € 1.6 million, essentially due to extraordinary allocations to restructuring reserves and other provisions for risks.

EBIT was € 114.4 million in the first half of 2010, an improvement of 18.2% compared with the same period of 2009. Excluding the positive effects of external growth (3.4%) and exchange rate movements (0.8%), Group EBIT recorded an organic growth of 14.1%.
The EBIT margin (EBIT as a percentage of sales), came in at 22.2%, a slight increase (30 basis points) on the 21.9% recorded in the first half of 2009: in summary, the lower cost of goods sold enabled the Group to increase investments in advertising and promotions (which rose as a percentage of sales by 120 basis points, and in absolute terms by 25.0%) and to support the costs of the new business operation on the Australian market, both of which led to a slight improvement in profitability.

Total **depreciation and amortisation** for the period was € 12.6 million, a rise on the € 10.7 million recorded in the first half of 2009. This was due in part to the new industrial assets acquired in the first half of that year, namely the Odessa production unit in Ukraine in April and the Wild Turkey distillery in June.
However, since the large increase in depreciation and amortisation in percentage terms (17.7%) was in line with the changes in the EBIT before one-offs, EBIT and EBITDA figures, it increased by a similar rate in both periods

under comparison. In more detail, **EBITDA before one-offs** increased by 17.9% (17.1% at constant exchange rates) to € 128.6 million, while **EBITDA** rose by 18.1% (17.3% at constant exchange rates) to € 127.0 million.

Net financial income and charges stood at € 16.4 million in the first half of 2010, substantially higher than the € 9.4 million recorded in the same period of 2009.
The increase was associated with both the rise in the Group's average net debt in the first half of 2010 (€ 618.5 million versus € 401.4 million in the first six months of 2009) and the higher average cost of the debt. The average cost of debt in the first half of the year rose compared with 2009, due to an increase in the proportion of fixed-rate debt as well as negative carry (the difference between the cost of debt and the return on short-term liquid investments) in respect of the Group's significant cash reserves.
Net interest in the first half of 2010 was € 16.4 million, and included exchange rate gains of € 2.1 million; the net cost of financial interest in the first half of 2010 was therefore € 18.5 million, with an average cost of debt of 6.0% (or 5.3% including exchange rate gains).
In the first half of 2009, the Group incurred one-off financial charges of € 3.9 million relating to the structuring of the financing for the Wild Turkey acquisition. These charges were shown separately in the income statement.

The Group's portion of **profits or losses of companies accounted for using the equity method** showed a negative balance of € 0.2 million, compared with a negative balance of € 0.3 million in the same period last year.
The companies accounted for using the equity method in 2010 are trading joint ventures that distribute products made by the Group and its partners in the Netherlands and India.

Charges for put options were € 0.2 million in the first half of 2010, compared with no charges last year. This item relates to the portion of profit attributable to minority shareholders, that is the 20% realised by Cabo Wabo, LLC, the company that owns the Cabo Wabo brand.

Profit before tax and minority interests rose by 17.3% (16.0% at constant exchange rates) compared with the first half of 2009, to € 97.7 million.

Tax (deferred and current) was € 28.2 million as of 30 June 2010, which was higher than the 2009 figure in both absolute terms (an increase of € 5.2 million) and as a percentage of pre-tax profit.
This item also includes a component of permanent deferred taxes recorded on the balance sheet for the purposes of cancelling out the effect of the tax-deductibility of amortisation on goodwill and trademarks permitted by local legislation. The first half of 2010 includes a greater liability for such deferred taxes (up from € 6.9 million in 2009 to € 10.3 million), relating to the amortisation of the brands and goodwill of Wild Turkey in the US.

Net profit before minority interests was € 69.5 million, an advance of 15.2% on 2009 (13.5% at constant exchange rates).

Minority interests for the first half of 2010 were low, at € 0.2 million, and the same as last year.

Group net profit was € 69.3 million, a rise of 15.2% (13.6% at constant exchange rates) compared to the same period of 2009.
The ratio of Group net profit to sales showed a profitability of 13.4%.

Profitability by business area

The Campari Group's main unit of analysis is the business segment, where its results are broken down into spirits, wines, soft drinks and other sales. An analysis of the financial results for each of these four business areas is therefore shown below.

The income statement figure used by the Campari Group to represent the profitability of its business areas is the contribution margin, which is the margin generated by sales after the cost of goods sold (including all logistics costs) and advertising and promotional costs.
The table below summarises the contribution of each segment to the Group's total contribution margin, which in the first half of 2010 was € 209.5 million, an increase of 18.5% versus the same period of 2009.

Contribution margin	First half 2010		First half 2009		2010/2009
	€ million	% of total	€ million	% of total	% change
Spirits	171.1	81.6%	140.9	79.6%	21.4%
Wines	15.3	7.3%	13.9	7.8%	10.1%
Soft drinks	22.0	10.5%	21.4	12.1%	2.8%
Other	1.3	0.6%	0.8	0.4%	59.7%
Total	**209.5**	**100.0%**	**176.9**	**100.0%**	**18.5%**

The portion of profits generated by spirits, which in the first half of 2010 accounted for 81.6% of the Group's total contribution margin, increased further on the percentage of 79.6% recorded for the same period in 2009.
This trend reflects, at even higher levels, the earlier analysis of sales performance, with the spirits portion rising by 24.2% and accounting for 76.9% of the Group total.
The tables below show a summary income statement for each segment, with an analysis of organic growth, external growth and the exchange rate effect.

Spirits

The excellent sales performance achieved by the spirits segment in the first half of the year, which rose by a total of 24.2%, is also reflected in profitability; gross profit rose by 24.9% and the contribution margin by 21.4% (€ 171.1 million).
The slight positive change in gross profit (the percentage of sales rose by 40 basis points compared with 2009) was due to the improvement in the cost of goods sold (see the comments in the previous section, "Income statement").
Conversely, the segment's lower percentage of the contribution margin was due to the more than proportional but positive increase in advertising.

Income statement: spirits	First half 2010		First half 2009		2010/2009
	€ million	% of sales	€ million	% of sales	change %
Net sales	396.5	100.0%	319.3	100.0%	24.2%
Gross profit after distribution costs	250.1	63.1%	200.2	62.7%	24.9%
Contribution margin	**171.1**	**43.1%**	**140.9**	**44.1%**	**21.4%**

A breakdown of total growth shows how the increase in organic growth, i.e. the results of Aperol, Campari, SKYY Vodka and the Brazilian brands, had a greater effect than external growth, which was mainly generated by the Wild Turkey acquisition: organic growth in the contribution margin for spirits was 11.7%, compared with external growth of 8.3%.

Analysis of growth	% change	organic	change	exchange rate
	Total	growth	growth	effect
Net sales	24.2%	13.9%	7.8%	2.5%
Gross profit after distribution costs	24.9%	14.3%	8.9%	1.7%
Contribution margin	**21.4%**	**11.7%**	**8.3%**	**1.4%**

Wines

The wines segment exhibited a more pronounced reduction in gross profit (3.1%) and growth in the contribution margin (10.1%), which rose to € 15.3 million, as a result of a slight decline in sales (1.3%).

The cost of goods sold as a percentage of sales rose by over 70 basis points compared with last year, as the segment did not benefit from the industrial efficiency associated with higher sales volumes (as was the case for spirits). It also included a new business (Odessa sparkling wines), which is less profitable than the segment average.
Conversely, the contribution margin for the segment rose both in absolute terms and as a percentage of sales (270 basis points), due to the considerable reduction in advertising spending in the first half of the year.

Income statement: wines	First half 2010		First half 2009		2010/2009
	€ million	% of sales	€ million	% of sales	change %
Net sales	59.1	100.0%	59.8	100.0%	-1.3%
Gross profit after distribution costs	21.2	35.9%	21.9	36.6%	-3.1%
Contribution margin	**15.3**	**25.9%**	**13.9**	**23.2%**	**10.1%**

An analysis of the effects of the three elements of growth shows that the external component (Odessa sparkling wines), although having only a marginal impact on sales (1.8%), made a smaller contribution (just 0.6%) to the rise in gross profit. As regards the organic component, sales of the Group's brands varied widely during the six months: Cinzano and Mondoro posted modest and strong growth respectively, while Riccadonna and still wines declined, sharply in the case of Riccadonna. The fall in gross margin (5.4%), which was greater than that recorded for sales, was a natural corollary of this varied performance.
Positive exchange rate movements, which accounted for 2.4%, had a negligible effect on the final profitability of the wines segment.

Analysis of growth	% change	organic	external	exchange rate
	Total	growth	growth	effect
Net sales	-1.3%	-4.0%	1.8%	0.9%
Gross profit after distribution costs	-3.1%	-5.4%	0.6%	1.7%
Contribution margin	**10.1%**	**6.7%**	**1.0%**	**2.4%**

Soft drinks

As regards the profitability of this business area, sales fell by 5.1% in the first half of 2010. In contrast, however, both gross profit and the contribution margin saw growth in the period.
Crodino, the segment's most profitable brand, recorded a decline in sales volumes, but to a much lesser extent than that of soft drinks and mineral waters. This explains the improvement in gross profitability (430 basis points) across the segment as a whole.
The contribution margin of soft drinks, totaling € 22.0 million (40.7% of sales), therefore increased in absolute terms (2.8%) but to a lesser extent than gross profit (3.8%), given that advertising and promotional expenses for Crodino rose both in absolute terms and as a percentage of sales.

Income statement: soft drinks	First half 2010		First half 2009		2010/2009
	€ million	% of sales	€ million	% of sales	change %
Net sales	53.9	100.0%	56.8	100.0%	-5.1%
Gross profit after distribution costs	26.9	50.0%	26.0	45.7%	3.8%
Contribution margin	**22.0**	**40.7%**	**21.4**	**37.6%**	**2.8%**

Other sales

The contribution margin for this minor segment, which includes sales of raw materials, and semi-finished and finished goods to third parties, was € 1.3 million, and represented 20.4% of sales, which totaled € 6.1 million.
The figures are very small in absolute terms which means that percentage changes, even large ones, are not significant.

Income statement: other sales	First half 2010		First half 2009		2010/2009
	€ million	% of sales	€ million	% of sales	change %
Net sales	6.1	100.0%	5.8	100.0%	6.1%
Gross profit after distribution costs	1.3	21.6%	0.8	14.1%	62.8%
Contribution margin	**1.3**	**20.4%**	**0,8**	**13.6%**	**59.7%**

Two events affected the results of the first half of the year.

A new production contract for third parties came into force in Argentina, which led to increased sales of 14.7% and a 10.6% improvement in the segment's profit (shown as external growth).
Sales to third parties of malt distillate produced by the Glen Grant Distillery slowed, generating an organic decline of 10.5%. The figures also show an increase in gross profit and the contribution margin, which, even if significant in terms of percentage changes, are minimal in absolute terms, as a result of lower production costs.

Analysis of growth	% change Total	organic growth	external growth	exchange rate effect
Net sales	6.1%	-10.5%	14.7%	1.9%
Gross profit after distribution costs	62.8%	46.1%	10.2%	6.5%
Contribution margin	**59.7%**	**42.4%**	**10.6%**	**6.7%**

Financial situation

Cash flow statement

The table below shows a simplified and reclassified cash flow statement (see the section containing the financial statements for the full cash flow statement).
The main reclassification is the exclusion of cash flows relating to changes in short-term and long-term debt, and in investments in marketable securities: in this way, the total cash flow generated (or used) in the period corresponds to the change in net debt.

	First half 2010 € million	First half 2009 € million
Operating profit	114.4	96.8
Depreciation and amortisation	12.6	10.7
Other non-cash items	3.8	1.3
Changes in non-financial assets and liabilities	(0.7)	(7.4)
Taxes paid	(33.3)	(8.1)
Cash flow from operating activities before changes in working capital	96.9	93.3
Changes in net operating working capital	(3.7)	91.0
Cash flow from operating activities	93.2	184.4
Net interest paid	(16.4)	(11.7)
Cash flow used for investment	(35.9)	(32.4)
Free cash flow	40.8	140.2
Acquisitions	0.0	(432.1)
Other changes	(2.6)	(1.1)
Dividend paid out by Parent Company	(34.6)	(31.7)
Total cash flow used in other activities	(37.2)	(464.9)
Exchange rate differences and other changes	(31.1)	(26.6)
Change in net debt due to operating activities	(27.5)	(351.3)
Payables for exercise of put option and potential earn-out payment	2.1	2.7
Total net cash flow for the period = Change in net debt	**(25.4)**	**(348.6)**
Net debt at the start of the period	(630.8)	(326.2)
Net debt at the end of the period	(656.2)	(674.8)

Free cash flow in the first half of 2010 was € 40.8 million: cash flow from operating activities was € 93.2 million, which was partly offset by the payment of net financial interest of € 16.4 million and net investment of € 35.9 million.
The main reasons behind the reduction in cash flow compared to the previous year, when the free cash flow was € 140.2 million, in spite of the increase in operating profit, depreciation and amortisation (EBITDA), which rose by a total of € 19.5 million in the first half of 2010, are explained below:
- a € 25.2 million increase in taxes paid in the first six months of 2010, following early payment of the taxes for the Parent Company and its Italian subsidiaries
- the increase in operating working capital, which rose by € 3.7 million during the six-month period, whereas at June 2009 this item had fallen by € 91.0 million, partly as a result of the launch of a scheme to factor receivables on a non-recourse basis and partly due to a change in the commercial policy of the Brazilian subsidiary (see the section below for detailed analysis of operating working capital)

- higher net investment during the half-year period of € 35.9 million, compared to € 32.4 million last year: the main investments in the first half of 2010 include € 7.0 million for the new distillery of Rare Breed Distilling, LLC and € 12.8 million for the new plant of Campari do Brasil Ltda., in addition to the usual investments in plant and machinery at the Group's manufacturing units

Cash flow used in other activities was € 37.2 million, compared to a figure of € 464.9 million in 2009, which included the acquisitions made in that period (the most significant of which was Wild Turkey). In 2010, this item relates almost entirely to the dividend paid by the Parent Company of € 34.6 million, higher than that paid in the first half of 2009 (€ 31.7 million).

Exchange rate differences and **other changes** had a negative impact of € 31.1 million on net cash flow for the period, and relate mainly to exchange rate differences on net operating working capital of € 33.1 million.

In the first half of 2010, there was a net reduction of € 2.1 million in financial payables relating to the exercise of put options and earn-out payments, which are not associated with any cash flows, following updates to the estimated value of these future payables.
More information on payables for put options and earn-outs can be found in the section entitled "Breakdown of net debt".

Net cash flow used in the first six months of 2010, which corresponds to the increase in the Group's net debt, was € 25.4 million.

Breakdown of net debt

At 30 June 2010, consolidated net debt stood at € 656.2 million, or € 25.4 million higher than the € 630.8 million registered at 31 December 2009.
The table below shows how the debt structure changed between the beginning and end of the period.

	30 June 2010	31 December 2009
	€ million	€ million
Cash and cash equivalents	142.4	129.6
Payables to banks	(13.2)	(17.3)
Real estate lease payables	(3.3)	(3.3)
Short-term portion of private placement	(6.8)	(5.8)
Other deposits and financial receivables and payables	141.2	(6.9)
Short-term net cash position	260.3	96.4
Payables to banks	(0.4)	(0.9)
Real estate lease payables	(4.7)	(6.3)
Private placement and bond	(900.6)	(861.8)
Other financial receivables and payables	4.1	158.7
Medium-/long-term net debt	(901.6)	(710.3)
Debt relating to operating activities	(641.3)	(613.9)
Payables for the exercise of put options and earn-out payments	(14.9)	(16.9)
Net debt	(656.2)	(630.8)

In terms of the structure of the Group's net debt, at the end of the half-year period the short-term cash position improved by € 163.9 million and medium- to long-term net debt increased by € 191.3 million. This change is mainly due to the reclassification of term deposits maturing in March 2011, amounting to € 155.0 million, from medium-long-term financial receivables to short-term financial receivables.
The € 27.4 million increase in net debt relating to operating activities includes the negative effects of the strengthening of the US dollar between 31 December 2009 and 30 June 2010, which resulted in an increase in net debt of € 30.3 million.
In addition, the Group's net debt includes a financial payable relating to the possible recognition of earn-outs connected to the X-Rated Fusion Liqueur and Cabo Wabo brands, and the exercise of put options by the minority shareholders of Cabo Wabo.
The payable for put options and earn-outs is € 2.1 million lower than at 31 December 2009. This figure includes a reduction of € 4.8 million to adjust the value of the put options and earn-outs to the new estimates, which was

recorded in the income statement as income, while the strengthening of the dollar during the period and the effects of discounting led to an increase in the payable of € 2.7 million.
Subsequent to 30 June 2010, the Group purchased the minority stakes in Cabo Wabo, LLC through the early exercise of the options in question (see the section entitled "Subsequent events" for more information).

Group balance sheet

The Group's summary balance sheet is shown in the table below in a reclassified format, to highlight the structure of invested capital and financing sources.

	30 June 2010	31 December 2009
	€ million	€ million
Fixed assets	1,701.0	1,519.8
Other non-current assets and liabilities	(98.7)	(77.4)
Operating working capital	365.8	328.5
Other current assets and liabilities	(87.2)	(94.1)
Total invested capital	1,881.0	1,676.8
Shareholders' equity	1,224.8	1,046.0
Net debt	656.2	630.8
Total financing sources	1,881.0	1,676.8

Invested capital at 30 June 2010 was € 1,881.0 million, an increase of € 204.2 million compared with 31 December 2009.
The two most significant changes were as follows:

- an increase in fixed assets of € 181.2 million as a result of rises in tangible fixed assets of € 40.7 million and intangible fixed assets of € 140.6 million, with the latter significantly affected by the impact of exchange rate differences on the Group's goodwill and brands denominated in foreign currency
- an increase in operating working capital of € 37.2 million, which represents an increase of just € 3.7 million at constant exchange rates, as shown in the next section

The Group's financial structure remained largely unchanged from 31 December 2009: its debt-to-equity ratio at the end of the period was 53.6%, compared with 60.3% at 31 December 2009.

Operating working capital

The table below shows the figures at 30 June 2010, 31 December 2009 and 30 June 2009; operating working capital is shown, for each period, as a proportion of sales over the previous 12 months.

	30 June 2010	31 December 2009	Change	30 June 2009	Change
	€ million	€ million	€ million	€ million	€ million
Receivables from customers	233.3	236.2	(2.8)	216.7	16.7
Inventories	316.0	271.4	44.6	263.2	52.9
Payables to suppliers	(183.6)	(179.1)	(4.5)	(197.8)	14.2
Operating working capital	**365.8**	**328.5**	**37.2**	**282.0**	**83.7**
Sales - previous 12 months	1,082.3	1,008.4	73.9	952.4	129.3
Working capital as % of sales in the previous 12 months	33.8	32.6		29.6	

Operating working capital at 30 June 2010 was € 365.8 million, with an increase of € 37.2 million compared with 31 December 2009. Stripping out the exchange rate effect of € 33.1 million mainly attributable to the strengthening of the US dollar and the Brazilian real, the increase in operating working capital in the period was only € 4.1 million. In the cash flow statement to 30 June 2010, this change (€ 4.1 million) is partially adjusted to take into account payables to suppliers of fixed assets, which were reclassified to investment activities. Organic growth in working capital as stated in the cash flow statement is therefore € 3.7 million.

This organic increase is also linked to seasonal factors, which lead to a rise in inventories between December and June, offset by a reduction in the value of trade receivables and an increase in payables to suppliers.
At 30 June 2010, operating working capital amounted to 33.8% of net sales in the previous 12 months, higher than the 32.6% at 31 December 2009.
There are two factors that partly distort these figures in the periods being compared. Firstly, the Group launched its subsidiary Campari Australia Ltd during the first half of 2010, causing the Group's working capital to increase as a result of the initial working capital of € 8.9 million required to start the company's activities, mostly comprising stock bought back from third-party distributors. Stripping out this effect, the Group's working capital would have decreased by € 5.2 million compared to 31 December 2009. Furthermore, the percentage of sales figure at 30 June 2010 is more heavily penalised by exchange rates than the figure at 31 December 2009: the spot rate at the end of the period, which affects working capital, was significantly higher than the average exchange rates over the past 12 months, which affect net sales.
The comparison with the figure at 30 June 2009 shows that operating working capital increased by € 83.7 million, of which € 34.5 million is attributable to the exchange rate effect, € 8.9 million to Campari Australia Ltd and € 40.3 million to organic growth in the business.
When calculated as a proportion of net sales in the previous 12 months, operating working capital at 30 June 2009 represents a lower percentage (29.6%): this comparison between the two periods further emphasises the distortive effect mentioned earlier caused by comparing exchange rates at the end of the period with average exchange rates.

Related party transactions

The Group's related party transactions fall into the normal course of the business and are governed by market conditions.
Full details of transactions with related parties in the six-month period are detailed under note 29 of the condensed version of the half-year report.

Subsequent events

Acquisition of 20% stake in Cabo Wabo

Following the agreement already reached between the parties in previous months, on 30 July 2010 an agreement was signed with the minority shareholder of Cabo Wabo for the early exercise of the put and call options on 20% shares of Cabo Wabo LLC and Red Fire Mexico, S. de R.L. de C.V.
These put and call options were granted in January 2008 at the same time as the acquisition of an 80% stake in the Cabo Wabo brand.
The original contract stipulated that the options could be exercised during two windows – 15% of the shares in 2012 and the remaining 5% in 2015 – at a price for each tranche set on the basis of the average profits for the three previous years.
The acquisition of the entire 20% has now been completed at a price of US$ 11.0 million and includes an earn-out payment for the seller based on sales volumes for the Cabo Wabo brand for the three years after the conclusion of the agreement, the estimated value of which is US$ 4.0 million.
in the consolidated financial statements at 31 December 2009, the payable for the Cabo Wabo put option was recorded at a value corresponding to US$ 20.0 million. Therefore, the total value of the transaction (share purchase and earn out) is US$ 5.0 million lower than the previous estimate.

Production and sale of Cinzano in Argentina

On 23 July 2010, an agreement was signed for the early termination of the licence granted by Davide Campari - Milano S.p.A. to Cepas Argentina S.A.
The licence agreement, signed at the start of 2000 following the acquisition of the Cinzano brand by the Campari Group, granted Sava S.A.I.C.E.Y.A. (which was later merged into Cepas Argentina S.A.) the right to produce and market Cinzano in Argentina until 2026.
The parties agreed a sum of € 11.0 million for the early release of the right to produce and market Cinzano, which will be paid by 31 August 2010.
From 1 September 2010, Cinzano will be marketed by Sabia S.A., a company bought by the Campari Group in November 2008 and now wholly owned. Later, following a transition phase shorter than 12 months, Sabia S.A. will also take over the production of Cinzano brand products.

Argentina is the largest market in the world for sales of Cinzano vermouth by volume: with more than 6 million litres sold in 2009, Cinzano is the number two brand in the country's crucial aperitifs segment.

Amendments to the conditions of the bond [Note Purchase Agreement] issued on 16 July 2003

On 2 August 2010, a meeting was held for holders of the bonds issued by Davide Campari-Milano S.p.A. on 16 July 2003 and placed exclusively with foreign institutional investors on the US market. The bondholders' meeting approved changes to certain conditions of the bonds, in particular to allow the company, in the event of significant acquisitions, to reach and maintain a higher maximum level of debt, in return for the payment of a higher rate of interest over the corresponding periods.
The two private placements issued in the US by Redfire, Inc. in 2002 and 2009 have also been brought into line with the new conditions.

Merger of Campari Italia S.p.A.

In order to streamline the number of companies in the Group and to make the Group's financial and balance sheet structure more efficient and functional by combining manufacturing and commercial activities, on 4 August the Board of Directors, as well as approving this report, also approved the proposed merger of Campari Italia S.p.A. into Davide Campari-Milano S.p.A.
The company being merged is already wholly owned by the Parent Company executing the merger.

Outlook

The results for the first six months of the year were undeniably good, thanks to the positive trend in consumption of the Group's main products.
However, as was mentioned earlier in this report, the first half of 2010 benefited from a favourable comparison with the results for the same period of the previous year, which were dragged down by the worsening financial crisis and the resulting lack of liquidity, leading to a reduction in stock levels at distributors in some of the Group's key markets.

Turning to the second half of the year, the risks and opportunities are broadly balanced overall, and should enable satisfactory results to be achieved for the year: on the one hand, the factors described above that were behind the good results of the first six months are expected to gradually weaken; on the other, the positive overall trend in consumption of the Group's main brands is expected to continue.
In addition, potential risks include:

- the weakening, in the second half of the year, of the positive mix effect on sales seen in the first six months (sales of aperitifs are normally concentrated in the first two quarters of the year)
- the competitiveness of the vodka market in the US
- an increase in the cost of materials, with low costs having a favourable impact on the first half of the year
- the fact that 2010 is the first year of operations for the new company Campari Australia Pty Ltd., and will therefore inevitably be a year of adjustment and transition

Opportunities include:

- strong growth in consumption of the Group's main products in western Europe
- the gradual return to growth in consumption in eastern Europe
- the good performance of the Brazilian market, with Skyy Vodka growing rapidly
- Aperol's explosive growth on international markets, especially Germany and Austria
- the success of recent product development initiatives in the US, such as Skyy Infusions, Espolon tequila and the new packaging for Cabo Wabo

In light of the above, the reasonably optimistic expectations expressed at the beginning of the year can be confirmed for the whole of 2010.

Investor information

International economy

The upturn in the global economy that started last summer continued through early 2010, although the rates of recovery were not uniform: growth was strong in emerging economies and held up well in the US and Japan, but remained low in Europe, where activity was buoyed by expansive economic policies and by the stock cycle, as private consumption gradually started to recover. Among emerging economies, Asia and Brazil enjoyed very high growth rates, while growth also increased in Russia and other central and eastern European countries. The latest economic indicators suggest that the global economy continued to expand in the second quarter of 2010 at a rate not far from that recorded during the first quarter. However, the most recent projections by international organisations and analysts are showing a slowdown in growth over the next few months. The performance of the global economy is still partly dependent on the expansive policies introduced to face the crisis and is held back by the unfavourable labour market conditions and recurring tensions on the financial markets. In the euro zone, GDP grew by just 0.2% qoq in the first quarter of 2010, following the modest 0.1% growth recorded in 2009. Economic activity was largely sustained by restocking. Stripping out this component, domestic demand was down once more and private consumption stagnated again. According to economic indicators, activity strengthened significantly in the second quarter, supported mainly by export demand.

GDP in Italy grew 0.4% in the first quarter of 2010, with the largest contribution coming from exports. In contrast, domestic demand remained weak. Economic indicators suggest that Italy should also see growth in the second quarter, once again buoyed by exports.

In the first quarter of 2010, US GDP grew 2.7%, down on the figure of 5.6% recorded in the previous quarter. Economic activity was boosted by the stock cycle and higher levels of private consumption, which grew by 3%. In the second quarter, GDP growth followed a similar trend to that seen in the first.

The margins of uncertainty regarding the international recovery remain broad, in either direction: emerging economies could accelerate further, but if they overheat this would trigger the implementation of restrictive policies; in advanced economies the crucial question will be how well the internal components of demand hold up once the stimulus measures introduced by governments at the start of the crisis are phased out. Similar uncertainty surrounds the outlook for the Italian economy.

Financial markets

In the second quarter of 2010, despite the gradual improvement in economic conditions, there were serious tensions on the financial markets, triggered by concerns about the sustainability of Greek public debt. In a climate of heightened risk aversion, volatility increased dramatically and the main stock indices lost on average 10% of their value between the middle of April and the end of the month.

Specifically, in the first six months of 2010, the MSCI Pan-Europe index closed down 5.3%, while in Italy the FTSE MIB fell by 16.9%, and the FTSE Italia All Shares lost 16.0% of its value. In the US, the S&P 500 was down by 7.6% in the first half of 2010.

Premiums for corporate issues increased for all risk categories and in all major countries. The sudden deterioration in market confidence sparked by the sovereign debt crisis in a number of euro-zone countries led to a rebalancing of portfolios towards investments regarded as safe, resulting in a significant drop in the yields of government bonds issued by those countries deemed to be least risky. In response to these concerns, the European Union launched an impressive financial support mechanism; moreover, many countries adopted or announced austerity measures to repair their public finances.

In the second quarter of 2010, the heightened uncertainty regarding the perspectives on global growth brought greater volatility to oil prices. Finally, taking a look at the major currencies, the dollar has gained around 6% against the euro since April, buoyed by the more positive economic outlook and by investors' desire to hold safer and more liquid assets.

Spirits segment and Campari shares

From the first quarter of 2010, spirits companies have shown signs of recovery in terms of business performance, thanks in part to a favourable basis of comparison with the year before. Stock market expectations regarding the prospects for the sector over the coming months remain positive, insofar as the various performance indicators for the companies point towards a trend of stabilisation and improvement.

In the first six months of 2010, the performance of spirits companies' share prices was supported by several factors, including:

- the appreciation of the US dollar against the euro and the pound: this had a favourable impact on the companies' performance as a result of their strong expansion into the US market. This means that the dollar represents a substantial part of not just the spirit companies' revenues but also their profits
- stabilisation and first signs of recovery on the US market: in this crucial market, the fears linked to the slowdown in consumer spending, particularly in the on-trade channel, have diminished considerably. Indeed, the market still offers good long-term growth potential thanks to the strength of its fundamentals, including demographics and consumer habits
- destocking in the distribution channels has run its course: this has resulted in a very favourable basis of comparison with the previous period, particularly in the first few months of the year. The signs of recovery are particularly strong for companies operating in the premium segments of the sector, as these were also worst affected by destocking during 2009
- certain emerging markets, particularly in Asia, are experiencing a phase of extreme dynamism: spirit companies with greater exposure to emerging markets, especially China, have seen their results hold up well since the start of the crisis. In these markets, *premiumisation* has even continued to fuel growth in the sector

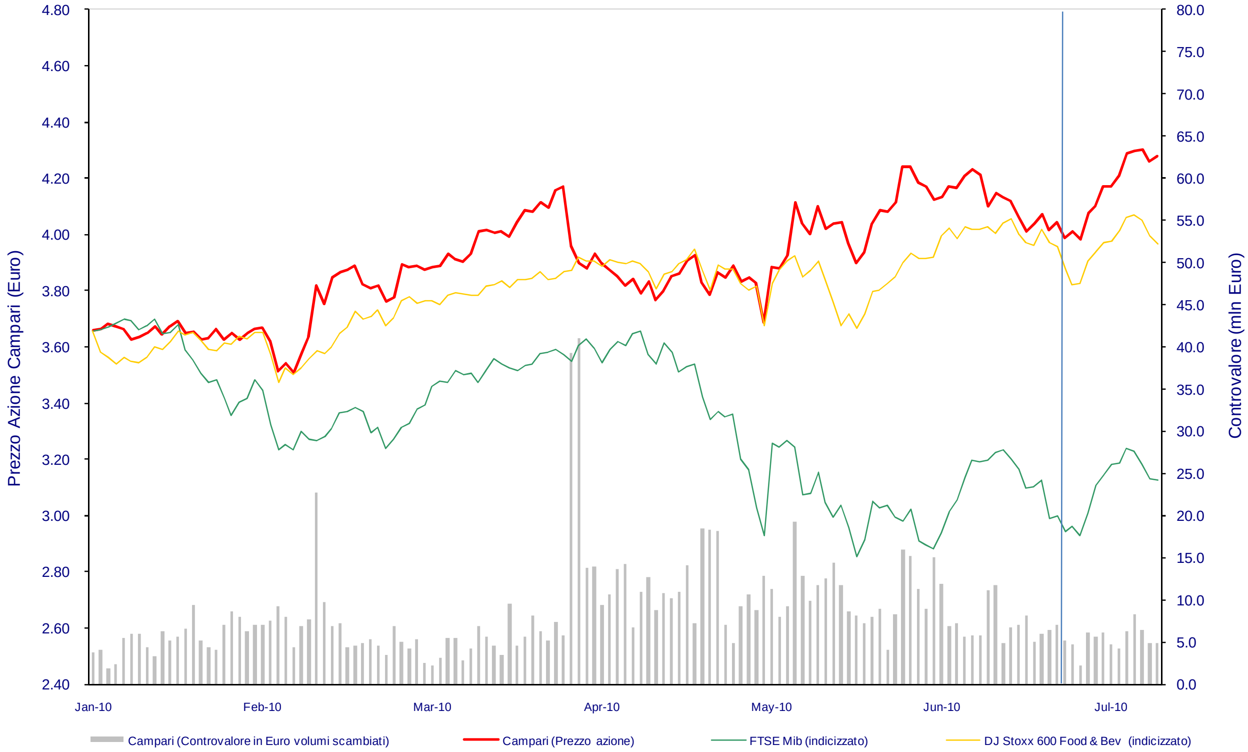
In the first half of 2010, the benchmark index DJ Stoxx 600 Food & Beverage rose by 9.3%.

Given the economic and market conditions described above, the Campari share, which is listed on the blue chip segment of the Italian stock market, was up by 10.9% in absolute terms in the first half of 2010 compared with the closing price at 31 December 2009.
In terms of overall return, i.e. including dividends, the Campari share posted performance of 12.5% for cash dividends and 12.6% for dividends reinvested in Campari shares.
With respect to the leading Italian equity market indices, the Campari share outperformed the FTSE MIB and FTSE Italia All-Share index by 27.8% and 26.9% respectively.
The share also outperformed the DJ Stoxx 600 Food & Beverage index by 1.6%.

The minimum closing price over the period of € 3.51 was recorded on 9 February 2010. The maximum closing price over the period, recorded on 3 June 2010, was € 4.2425, which is also the share's highest ever closing price. An average of 2.2 million shares were traded daily, in the first half of 2010, with an average daily value of € 8.6 million. At 30 June 2010, Campari's market capitalisation was € 2,349 million.

The performance of the Campari share over the first half of 2010 was boosted by the announcement of excellent financial results in the first quarter, with all indicators rising strongly. The results were helped by the return to a more normal trend in the Americas and the effects of the acquisition of Wild Turkey, which was completed in 2009. Furthermore, overall performance was sustained not only by a favourable comparison with the first quarter of 2009, but also by positive consumption trends in the Group's key product and market combinations, and particularly by the core aperitif business in Europe.

Performance of the Campari share price, the FTSE MIB Italia index and the DJ Stoxx 600 Food & Beverage index since 1 January 2010



Bonus share issue

On 30 April, the shareholders' meeting approved a bonus share issue implemented via the issue of 290,400,000 new shares with a nominal value of € 0.10 and carrying dividend rights effective 1 January 2009. The new shares were issued free of charge to shareholders in the ratio of one new share for each share held, through the use of retained earnings. The bonus share issue came into effect on 10 May 2010. Following the bonus issue, the fully paid-up share capital totalled € 58,080,000, comprising 580,800,000 ordinary shares with a nominal value of € 0.10.

Shareholder base

The table below shows the major shareholders at 30 June 2010.

Shareholder (1)	No. of ordinary shares	% of share capital
Alicros S.p.A.	296,208,000	51.00%
Cedar Rock Capital (2)	60,528,890	10.42%
Capital Group International, Inc.	11,705,153	2.02%

(1) No shareholders other than those indicated above have notified Consob and Davide Campari-Milano S.p.A. that they have shareholdings greater than 2% (pursuant to article 117 of Consob regulation 11971/99 on notification of significant holdings).

(2) Notified to Consob by Andrew Brown, Chief Investment Officer of Cedar Rock Capital Ltd. pursuant to article 120 of Legislative Decree 58 of 24 February 1998 (*Testo Unico delle disposizioni in materia di intermediazione finanziaria*).

Dividend

On 30 April 2010, the shareholders' meeting approved the financial statements for the full year 2009 and agreed the payment of a dividend of € 0.06 per share outstanding following the proposed bonus share issue (an increase of 9.1% over the dividend of € 0.055, on an adjusted basis, paid for the financial year 2008). The dividend was paid (except on own shares) on 27 May 2010, with an ex-date (coupon no. 7) of 24 May 2010.

Stock information [1]		First half 2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Reference share price:											
Price at end of period	€	4.05	3.65	2.40	3.28	3.76	3.12	2.37	1.93	1.50	1.32
Maximum price	€	4.24	3.71	3.30	4.21	4.05	3.39	2.39	1.93	1.89	1.55
Minimum price	€	3.51	1.94	1.93	3.25	3.14	2.24	1.79	1.37	1.27	1.09
Average price	€	3.89	2.82	2.78	3.77	3.66	2.86	2.02	1.65	1.58	1.36
Capitalisation and volumes:											
Average daily trading volume [2]	million	0.6	1.6	1.3	1.5	1.2	1.0	0.9	0.8	1.1	1.4
Average daily trading value [2]	€ million	8.6	4.5	3.7	5.8	4.4	2.8	1.7	1.3	1.7	2.1
Stock market capitalisation at the end of the period	€ million	2,349	2,118	1,394	1,904	2,183	1,812	1,374	1,118	871	767
Dividend:											
Dividend per share [3]	€	-	0.060	0.055	0.055	0.050	0.050	0.050	0.044	0.044	0.044
No. of shares carrying dividend rights	million	-	576.6	576.4	578.7	580.8	562.7	562.1	560.8	560.8	560.8
Total dividend [3] [4]	€ million	-	34.6	31.7	31.8	29.0	28.1	28.1	24.7	24.7	24.7

(1) Changes in share capital:
- bonus share issue via the issue of 290,400,000 new shares with a nominal value of € 0.10 to be provided free of charge to shareholders in the ratio of one new share for each share held, which came into effect on 10 May 2010
- ten-for-one share split effective as at 9 May 2005

(2) Initial Public Offering on 6 July 2001 at the price of € 1.55 per share. Average daily volumes after the first week of trading were 845,200 shares in 2001; the average daily value after the first week of trading was € 1,145,000 in 2001.

(3) Classified on an accruals basis.

(4) Total dividend distributed excluding own shares.

Investor relations

During the first half of 2010, the company continued to communicate information to the financial markets, organising numerous meetings with investors at the main stock exchanges in Europe, the US and Canada. The company's website (http://www.camparigroup.com, "Investors" section), one of the main ways of disseminating information to the public, has been upgraded and expanded to include new content and interactive tools.

Condensed half-year consolidated report

Financial statements

Consolidated income statement

	Notes	First half 2010	*of which: related parties*	First half 2009	*of which: related parties*
		€/000	*€/000*	€/000	*€/000*
Net sales	7	**515,654**	*1,456*	**441,782**	*4,710*
Cost of goods sold	8	(216,088)	-	(192,886)	*13*
Gross profit		**299,566**	*1,456*	**248,895**	*4,723*
Advertising and promotional costs		(90,019)	*(364)*	(71,996)	*(1,552)*
Contribution margin		**209,547**	*1,093*	**176,899**	*3,172*
Structure costs	9	(95,125)	*81*	(80,075)	*(68)*
of which: one-offs	10	*(1,572)*	-	*(1,564)*	-
EBIT		**114,422**	*1,174*	**96,824**	*3,104*
Financial income and charges	11	(16,375)	-	(13,289)	*(6)*
of which: one-offs		-	-	*(3,930)*	-
Share in profit (loss) of companies valued at equity		(166)	*(166)*	(254)	*(254)*
Put option charges	12	(191)	-	*0*	-
Profit before tax		**97,691**	*1,008*	**83,281**	*2,844*
Taxes	13	(28,201)		(22,953)	-
Profit for the period		**69,489**	*1,008*	**60,328**	*2,844*
Profit for the period attributable to:					
Parent Company shareholders		69,275		60,112	
Minorities		215	-	216	-
		69,489		**60,328**	
Basic earnings per share (€)	23	0.12		0.10	
Diluted earnings per share (€)	23	0.12		0.10	

Consolidated statement of comprehensive income

	First half 2010	First half 2009
	€/000	€ / 000
Profit for the period (A)	**69,489**	**60,328**
Cash flow hedge:		
Profit (loss) for the period	4,311	(14,598)
Less: Profits (losses) reclassified in the income statement	234	(659)
Net gains (losses) from cash flow hedging	4,077	(13,939)
Tax effect	(1,427)	4,180
Cash flow hedge	**2,650**	**(9,759)**
Conversion difference	**138,824**	**1,328**
Other comprehensive income (losses) (B)	**141,474**	**(8,431)**
Total comprehensive income (A+B)	**210,963**	**51,897**
Attributable to:		
Parent Company shareholders	210,742	51,688
Minority interests	221	208

Consolidated balance sheet

	Notes	30 June 2010	*of which: related parties*	31 December 2009	*of which: related parties*
		€/000	€/000	€/000	€/000
ASSETS					
Non-current assets					
Net tangible assets	14	324,925	-	283,984	-
Biological assets	15	18,254	-	18,501	-
Investment property	16	668	-	666	-
Goodwill and trademarks	17	1,338,087	-	1,199,379	-
Intangible assets with a finite life	18	7,390	-	5,467	-
Investments in affiliated companies and joint ventures		577	-	665	-
Deferred tax assets		31,073	-	28,128	-
Other non-current assets	19	17,878	-	162,293	-
Total non-current assets		**1,738,853**	**-**	**1,699,082**	**-**
Current assets					
Inventories	20	316,039	-	271,428	-
Trade receivables		233,342	*1,591*	236,166	*1,609*
Short-term financial receivables	21	166,799	-	6,656	-
Cash and cash equivalents	22	142,392	-	129,636	-
Other receivables		22,927	*88*	24,333	*250*
Total current assets		**881,498**	**1,679**	**668,218**	**1,859**
Non-current assets held for sale		11,135	-	11,135	-
Total assets		**2,631,486**	**1,679**	**2,378,435**	**1,859**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity					
Share capital	23	58,080		29,040	
Reserves	23	1,163,934		1,014,430	
Parent Company's portion of shareholders' equity		1,222,014		1,043,470	
Minorities' portion of shareholders' equity		2,757		2,536	
Total shareholders' equity		**1,224,772**	**-**	**1,046,006**	**-**
Non-current liabilities					
Bonds	24	904,828	-	806,440	-
Other non-current liabilities	24	15,478	-	77,746	-
Defined benefit plans		9,600	-	9,807	-
Reserve for risks and future liabilities	26	14,699	-	10,661	-
Deferred tax liabilities		108,547	-	87,853	-
Total non-current liabilities		**1,053,152**	**-**	**992,509**	**-**
Current liabilities					
Payables to banks	25	13,226	-	17,274	-
Other financial payables	25	46,635	-	25,101	-
Payables to suppliers		183,622	-	179,082	*8*
Payables to tax authorities	27	69,022	*15,186*	75,809	*28,848*
Other current liabilities		41,058	-	42,655	*41*
Total current liabilities		**353,563**	**15,186**	**339,920**	**28,897**
Total liabilities and shareholders' equity		**2,631,486**	**15,186**	**2,378,435**	**28,897**

Consolidated cash flow statement

	Notes	First half 2010	First half 2009
		€/000	€/000
Operating profit		114,422	96,824
Adjustments to reconcile operating profit and cash flow:			
Depreciation and amortisation		12,600	10,713
Capital gains from sales of fixed assets		(149)	(816)
Write-downs of tangible fixed assets		8	284
Fund provisions		5,930	720
Use of provisions		(2,017)	(1,847)
Other non-cash items		25	2,999
Changes in net operating working capital		(3,699)	91,015
Other changes in non-financial assets and liabilities		(681)	(7,440)
Taxes paid	26	(33,255)	(8,094)
Cash flow from (used in) operating activities		**93,186**	**184,358**
Purchase of tangible and intangible assets (*)	14	(37,190)	(33,599)
Capitalised interest expenses	14	(361)	-
Income from sales of fixed assets		2,586	1,212
Payments on account in respect of fixed assets		(951)	-
Acquisition of companies or holdings in subsidiaries		-	(432,098)
Interest income		2,336	4,258
Net change in securities		3,307	3,240
Other changes		(14)	-
Cash flow from (used in) investment activities		**(30,289)**	**(456,988)**
Redfire Inc. private placement issue		-	180,636
Term and revolving loan facility		-	214,197
Other repayment of medium/long-term payables		(2,119)	(2,225)
Net change in short-term payables to banks	24	(4,220)	(77,982)
Interest expenses		(18,762)	(15,987)
Change in other financial payables and receivables		1,677	(4,717)
Purchase and sale of own shares		(1,166)	(1,128)
Dividend paid out by Parent Company	23	(34,593)	(31,701)
Cash flow from (used in) financing activities		**(59,183)**	**261,093**
Effect of exchange rate differences on net operating working capital		(33,056)	(10,036)
Other exchange rate differences and other changes in shareholders' equity		42,097	(4,593)
Exchange rate differences and other changes in shareholders' equity		**9,041**	**(14,629)**
Net change in cash and cash equivalents: increase (decrease)		**12,756**	**(26,167)**
Cash and cash equivalents at start of period	22	129,636	172,558
Cash and cash equivalents at end of period	22	142,392	146,391

Statement of changes in consolidated shareholders' equity

	Attributable to Parent Company shareholders					Minority interests	Total shareholders' equity
	Share capital	Legal reserve	Retained profit	Other reserves	**Total**		
	€/000	€/000	€/000	€/000	**€/000**	€/000	€/000
Balance at 1 January 2010	**29,040**	**5,808**	**1,054,304**	**(45,683)**	**1,043,470**	**2,536**	**1,046,006**
Increase of share capital	29,040		(29,040)		**-**		-
Dividend payout to Parent Company shareholders	-	-	(34,593)	-	**(34,593)**	-	(34,593)
Purchase of treasury shares	-	-	(9,260)	-	**(9,260)**	-	(9,260)
Sale of own shares	-	-	8,095	-	**8,095**	-	8,095
Stock options	-	-	1,481	2,081	**3,562**	-	3,562
Profit for the period	-	-	69,275	-	**69,275**	215	69,489
Other comprehensive income (losses)	-	-	(69)	141,536	**141,467**	6	141,474
Total comprehensive income	-	-	69,206	141,536	**210,742**	221	210,963
					-		
Balance at 30 June 2010	**58,080**	**5,808**	**1,060,193**	**97,934**	**1,222,015**	**2,757**	**1,224,772**

	Attributable to Parent Company shareholders					Minority interests	Total shareholders' equity
	Share capital	Legal reserve	Retained profit	Other reserves	**Total**		
	€/000	€/000	€/000	€/000	**€/000**	€/000	€/000
Balance at 1 January 2009	**29,040**	**5,808**	**953,817**	**(35,803)**	**952,861**	**2,136**	**954,997**
Dividend payout to Parent Company shareholders	-	-	(31,701)	-	**(31,701)**	-	(31,701)
Purchase of treasury shares	-	-	(1,128)	-	**(1,128)**	-	(1,128)
Change in basis of consolidation	-	-	-	-	**-**	14	14
Stock options	-	-	-	2,288	**2,288**	-	2,288
Profit for the period	-	-	60,112	-	**60,112**	217	60,328
Other comprehensive income (losses)	-	-	(106)	(8,317)	**(8,423)**	(8)	(8,431)
Total comprehensive income	-	-	60,006	(8,317)	**51,688**	209	51,897
Balance at 30 June 2009	**29,040**	**5,808**	**980,993**	**(41,832)**	**974,009**	**2,358**	**976,367**

Explanatory notes

1. General information

Davide Campari S.p.A. is a company listed on the Italian Stock Exchange market, with registered office at Via Franco Sacchetti 20, 20099 Sesto San Giovanni (Milan), Italy.
The publication of this report for the six months to 30 June 2010 was authorised by the Board of Directors on 4 August 2010.

This half-year report is presented in euro, the reference currency of the Parent Company and many of its subsidiaries.

The report has been the subject to a limited review, not a full audit.

2. Preparation criteria

The condensed version of the half-year interim financial statements was prepared in consolidated format pursuant to article 154-*ter* of Legislative Decree 58 of 24 February 1998 (TUF) as amended, and was drafted in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and ratified by the European Union.
The term IFRS also encompasses the International Accounting Standards (IAS) still in force, as well as all interpretation documents of the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standing Interpretations Committee (SIC).
The condensed report was drafted in accordance with IAS 34 (Interim Financial Reporting), using the same principles as those applied in the preparation of the consolidated financial statements for the year ending 31 December 2009, except where stated in note 3 below - *Changes in accounting principles*.
This half-year report does not include all the information and notes required in an annual report, and should therefore be read in conjunction with the consolidated financial statements for the year ending 31 December 2009.
Unless otherwise indicated, the figures reported in these notes are expressed in thousand euro.

Form and content

In accordance with the format selected by the Campari Group, the income statement is classified by function, and the balance sheet shows current and non-current assets and liabilities separately.
The management considers that this format provides a more meaningful representation of the items that have contributed to the Group's results and its balance sheet and financial position.
In the income statement (classified by function), income and charges from one-off transactions such as capital gains/losses on the sale of shareholdings, restructuring costs, financial charges and any other non-recurring income/expenses are shown separately; this provides a clearer picture of the company's operating performance. One-off items are also discussed in detail in these notes.
The definition of "one-off" here conforms to that set out in Consob communication DEM/6064293 of 28 July 2006.
In the first half of 2010, the Group did not carry out any atypical and/or unusual transactions, as defined in the same communication, except for those discussed in note 28 – *Stock options*.
The cash flow statement was prepared using the indirect method.
Taxes for the first six months of the year have been accounted for on the basis of the best estimate of the anticipated tax rate for 2010.
Finally, with reference to the requirements of Consob resolution 15519 of 27 July 2006 in relation to financial statements, the income statement and balance sheet contain columns providing information on any significant transactions with related parties.

Use of estimates

The preparation of the interim financial statements requires the management to make estimates and assumptions that have an impact on the value of revenues, costs, assets and liabilities and on disclosures concerning contingent assets and liabilities at the reporting date.
If, in the future, these estimates and assumptions, based on the best valuation currently available, differ from the actual circumstances, they will be amended accordingly at the time the circumstances change.

In particular, estimates are used to identify provisions for risks in respect of receivables, obsolete inventory, depreciation and amortisation, asset write-downs, employee benefits, taxes, restructuring reserves and other provisions.
The estimates and assumptions are reviewed periodically and the impact of any change is reflected in the income statement.
In accordance with IAS 36 Impairment of Assets, some valuation procedures, especially those relating to the more complex valuations, such as the determination of any impairment losses on non-current assets, are generally carried out only at the time of preparing the annual report, when all the required information is available, except where there are indications of impairment requiring an immediate assessment of any losses in value.
Similarly, the actuarial valuations required to determine employee benefit funds are normally obtained at the time the annual report is prepared.

Basis of consolidation

No changes were made to the basis of consolidation of the Group in the first half of the year.

The table below lists the companies included in the basis of consolidation at 30 June 2010.

		Share capital at 30 June 2010		% owned by Parent Company		
Name, activity	Head office	Currency	Amount	Direct	Indirect	Direct shareholder
Parent Company						
Davide Campari-Milano S.p.A., holding and manufacturing company	Via F. Sacchetti 20, Sesto San Giovanni	€	58,080,000			
Fully consolidated companies						
Italy						
Campari Italia S.p.A., trading company	Via F. Sacchetti 20, Sesto San Giovanni	€	1,220,076	100.00		
Sella & Mosca Commerciale S.r.l., trading company	I Piani, Alghero	€	100,000		100.00	Sella & Mosca S.p.A.
Sella & Mosca S.p.A., manufacturing, trading and holding company	I Piani, Alghero	€	15,726,041	12.00	88.00	Zedda Piras S.p.A. (88%), Davide Campari-Milano S.p.A. (12%)
Turati Ventisette S.r.l., dormant company	Via F. Sacchetti 20, Sesto San Giovanni	€	20,000	100.00		
Zedda Piras S.p.A., manufacturing, trading and holding company	Piazza Attilio Deffenu 9, Cagliari (operational headquarters in Alghero)	€	16,276,000	100.00		
Europe						
Campari Austria GmbH, trading company	Naglergasse 1/Top 13 A, Vienna	€	500,000		100.00	DI.CI.E Holding B.V.
Campari Deutschland GmbH, trading company	Bajuwarenring 1, Oberhaching	€	5,200,000		100.00	DI.CI.E Holding B.V.
Campari Finance Belgium S.A., finance company	Avenue de la Métrologie, 10, Brussels	€	246,926,407	26.00	74.00	Davide Campari-Milano S.p.A. (26%), Glen Grant Ltd. (39%), DI.CI.E Holding B.V. (35%)
Campari France, manufacturing company	15 ter, Avenue du Maréchal Joffre, Nanterre	€	2,300,000		100.00	DI.CI.E Holding B.V.
Campari International S.A.M., trading company	7 Rue du Gabian, Monaco	€	180,000,000		100.00	DI.CI.E Holding B.V.
Campari Schweiz A.G., trading company	Lindenstrasse 8, Baar	CHF	2,000,000		100.00	DI.CI.E Holding B.V.
CJSC Odessa SPARKLING Wine Company, manufacturing and trading company	36, Frantsuzky Boulevard, Odessa	UAH	48,041,016		99.80	Rotarius Holding B.V.
DI.CI.E. Holding B.V., holding company	Atrium, Strawinskylaan 3105, Amsterdam	€	15,015,000	100.00		

Name, activity	Head office	Share capital at 30 June 2010 Currency	Amount	% owned by Parent Company Direct	Indirect	Direct shareholder
Glen Grant Distillery Company Ltd., manufacturing and trading company	Glen Grant Distillery, Rothes, Morayshire	GBP	1,000,000		100.00	Glen Grant Ltd.
Glen Grant Ltd., holding company	Glen Grant Distillery, Rothes, Morayshire	GBP	24,949,000		100.00	DI.CI.E Holding B.V.
Glen Grant Whisky Company Ltd., dormant company (*)	Glen Grant Distillery, Rothes, Morayshire	GBP	1,000,000		100.00	DI.CI.E Holding B.V.
Kaloyiannis - Koutsikos Distilleries S.A., manufacturing and trading company	6 & E Street, A' Industrial Area, Volos	€	8,884,200		100.00	O-Dodeca B.V.
M.C.S. S.P.R.L., trading company	Millenium Park, Avenue de la Métrologie, 10, Brussels	€	1,009,872		100.00	Campari Finance Belgium S.A.
O-Dodeca B.V., holding company	Atrium, Strawinskylaan 3105, Amsterdam	€	2,000,000		75.00	DI.CI.E Holding B.V.
Old Smuggler Whisky Company Ltd., manufacturing and trading company	Glen Grant Distillery, Rothes, Morayshire	GBP	1,000,000		100.00	Glen Grant Ltd.
Rotarius Holding B.V., holding company	Strawinskylaan 3105, 1077 ZX, Amsterdam	€	18,015		100.00	DI.CI.E Holding B.V.
Société Civile du Domaine de Lamargue, manufacturing and trading company	Domaine de la Margue, Saint Gilles	€	6,793,200		100.00	Sella & Mosca S.p.A.
Americas						
Cabo Wabo LLC, trading company	One Beach Street, Suite 300, San Francisco	US$	2,312,525		80.00	Redfire, Inc.
Campari Argentina S.R.L., trading company	Av. Corrientes, 222 - 3rd floor, Buenos Aires	ARS	11,750,000		100.00	DI.CI.E. Holding B.V. (95%), Campari do Brasil (5%)
Campari do Brasil Ltda., manufacturing and trading company	Alameda Rio Negro 585, Edificio Demini, Conjunto 62, Alphaville - Barueri – SP	BRC	218,631,059	100.00		
Destiladora San Nicolas S.A. de C.V., manufacturing and trading company	Camino Real Atotonilco 1081, Arandas, Jalisco	MXN	294,945,500		100.00	DI.CI.E Holding B.V.
Gregson's S.A., trademark holder	Andes 1365, Piso 14, Montevideo	UYU	175,000		100.00	Campari do Brasil Ltda
Rare Breed Distilling LLC, manufacturing and trading company	Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, Delaware (Operational headquarters: Lawrenceburg)	US$	400,000,000 (**)		100.00	Redfire, Inc.
Red Fire Mexico, S. de R.L. de C.V., trading company	Agustin Yañez No. 2613-1[a]-113, Col. Arcos Vallarta Sur, Guadalajara, Jalisco	MXN	1,254,250		80.00	DI.CI.E Holding B.V.
Redfire, Inc., holding company	State of Delaware, City of Wilmington, County of New Castle (operational headquarters: San Francisco)	US$	566,321,274 (**)	100.00		
Sabia S.A., manufacturing and trading company	Av. Corrientes, 222 - 3rd floor, Buenos Aires	ARS	40,164,000		100.00	DI.CI.E. Holding B.V. (95%), Campari do Brasil (5%)
Skyy Spirits LLC, trading company	One Beach Street, Suite 300, San Francisco	US$	54,897,463		100.00	Redfire, Inc.
Other						
Campari (Beijing) Trading Co. Ltd., trading company	Xingfu Dasha Building, block B, room 511, n° 3 Dongsanhuan BeiLu, Chaoyang District, Beijing	RMB	25,189,930		100.00	DI.CI.E Holding B.V.
Campari Australia Pty Ltd., trading company	C/o KPMG - 10 Shelley Street, Sydney	AU$	12,500,000		100.00	DI.CI.E Holding B.V.
Campari Japan Ltd., trading company	6-17-15, Jingumae Shibuya-ku, Tokyo	JPY	3,000,000		100.00	DI.CI.E Holding B.V.
Qingdao Sella & Mosca Winery Co Ltd., manufacturing and trading company	8 Pingu Horticultural Farm, Yunshan County, Pingdu City, Qingdao, Shandong Province	RMB	24,834,454		93.67	Sella & Mosca S.p.A.

Other holdings		Share capital at 30 June 2010		% owned by Parent Company		
Name, location, activity		Currency	Amount	Indirect	Direct shareholder	Valuation method
Fior Brands Ltd., trading company **(*)**	C/o Ernst & Young - Ten George Street, Edinburgh	GBP	100	50.00	DI.CI.E Holding B.V.	Equity
Focus Brands Trading (India) Private Ltd., manufacturing and trading company	Chamber 1517, 15th Floor, Devika Towers, 6, Nehru Place, New Delhi	INR	115,998,250	26.00	DI.CI.E Holding B.V.	Equity
International Marques V.o.f., trading company	Nieuwe Gracht 11, Haarlem	€	210,000	33.33	DI.CI.E Holding B.V.	Equity

* company in liquidation

** including capital contributions

Exchange rates used in conversion of financial statements in foreign currency

The exchange rates used for conversion transactions are shown below.

	30 June 2010		31 December 2009		30 June 2009	
	Average rate	End-of-period rate	Average rate	End-of-period rate	Average rate	End-of-period rate
US dollar	1.3284	1.2271	1.3933	1.4406	1.3322	1.4134
Swiss franc	1.4367	1.3283	1.5099	1.4836	1.5056	1.5265
Brazilian real	2.3868	2.2082	2.7706	2.5113	2.9217	2.7469
Uruguayan peso	26.1114	25.8427	31.3993	28.2891	31.4781	33.2460
Chinese renminbi	9.0678	8.3215	9.5174	9.8350	9.1028	9.6545
UK pound	0.8700	0.8175	0.8911	0.8881	0.8939	0.8521
Indian rupee	60.7993	56.9930	67.3080	67.0400	65.5567	67.5180
Japanese yen	121.4948	108.7900	130.2344	133.1600	127.1951	135.5100
Argentine peso	5.1366	4.8255	5.2019	5.4619	4.8455	5.3586
Mexican peso	16.8287	15.7363	18.7841	18.9223	18.4334	18.5537
Australian dollar	1.4859	1.4403	1.7749	1.6008	1.8791	1.7359
Ukrainian hryvnia	10.5925	9.7204	11.1190	11.5642	10.5014	10.9183

3. Changes in accounting principles

a. Accounting standards, amendments and interpretations applied since 1 January 2010

IFRS 3 (REVISED) - Business Combinations and subsequent amendments to IAS 27R - Consolidated and Separate Financial Statements, IAS 28 - Investments in Affiliated Companies and IAS 31 - Interests in Joint Ventures

The revised version of IFRS 3 introduces some significant changes to the accounting for business combinations, which affect the valuation of non-controlling interests, the accounting of transition costs, initial reporting and the subsequent valuation of any additional payments (contingent consideration), and acquisitions achieved in stages.
These changes will affect the amount of goodwill disclosed, and the net profit for the year of acquisition and subsequent years.
Furthermore, all costs relating to the acquisition must be charged to the income statement.
The new changes apply prospectively to acquisitions made after 1 January 2010.
IAS 27 requires that a change in the percentage shareholding in a subsidiary that does not constitute a loss of control is accounted for as an equity transaction, with an offsetting entry under shareholders' equity.
As a result, this change will have no impact on goodwill and will not give rise to either profits or losses.
Furthermore, the revised standard introduces changes to the accounting for losses posted by a subsidiary and the loss of control of a subsidiary.

b. Accounting standards, amendments and interpretations applicable from 2010 that are not relevant for the Group

In April 2009 and May 2010, the IASB issued the second and third series of amendments to the IFRS (‘Improvements’*),* some of which are applicable from 1 January 2010.

IFRS 2 - Share-based Payments: payments based on Group shares settled for cash
This amendment, in addition to clarifying the scope of IFRS 2 and how it relates to the other standards, establishes that the company receiving goods or services in the context of share-based payment plans must account for these goods or services irrespective of which Group company settles the transaction, whether or not the settlement is in cash or shares. The amendment specifies that a company must value the goods or services received in the context of a transaction settled in cash or shares from its own viewpoint, which may not coincide with that of the Group and with the amount recognised in the consolidated accounts. On publication of this amendment, the IASB withdrew IFRIC 8 and IFRIC 11.

In addition, the IASB issued the following amendments and interpretations, applicable from 1 January 2010, that are not relevant to the Group:
- IFRIC 17 - Distribution of Non-Cash Assets to Owners
- IFRIC 18 - Transfers of Assets from Customers
- IFRS 1 - Additional Exemptions for First-Time Adopters of IFRS

c. Accounting standards, amendments and interpretations not yet applicable and that have not been adopted by the Group in advance

IFRS 9 - Financial Instruments
This standard, issued on 12 November 2009, is applicable from 1 January 2013. The publication of this standard represents the first stage of the process to fully replace IAS 39.
IAS 24 - Related Party Disclosures
The amendment, issued on 4 November 2009 and applicable from 1 January 2011, simplifies the information to be provided in the case of transactions with related parties that are state-controlled entities.
IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues
This amendment, issued on 8 October 2009, is applicable to financial years that commence after 1 February 2010. It clarifies how to account for such rights when the instruments issued are denominated in a currency other than the issuer's functional currency. If such instruments are offered pro rata to all shareholders for a fixed amount of cash, they should be classified as equity instruments even if their exercise price is denominated in a currency other than the issuer’s functional currency.
IFRIC 14 - Prepayment of a Minimum Funding Requirement
This amendment, issued on 26 November 2009 and applicable from 1 January 2011, allows prepayments of a minimum funding requirement to be recognised as an asset.
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments
This amendment, issued on 26 November 2009 and applicable from 1 January 2011, establishes the rules to be applied when a company re-negotiates the terms of a loan with a creditor to extinguish a financial liability by issuing company shares or other equity instruments.
Annual improvements
In April 2009 and May 2010, the IASB issued the second and third series of amendments to the IFRS (‘Improvements’*),* some of which are applicable to the Group’s accounts for the years ending after 31 December 2010.

4. Seasonal factors

Sales of some Campari Group products are more affected than others by seasonal factors, because of different consumption patterns or consumer habits.
In particular, soft drink consumption tends to increase during the hottest months of the year (May-September), but, more importantly, summer temperature variations from one year to the next may have a substantial effect on comparative sales figures.
Sales of other products, such as sparkling wines, are highly concentrated in some countries in certain periods of the year (mainly Christmas). While such products are not affected by external factors, the Group is nevertheless

exposed to greater commercial risk, since sales generated in only two months have a determining influence on full-year performance.
In general, the Group's diversified product portfolio, which includes spirits, soft drinks and wines, and the geographical spread of its sales, helps to reduce substantially any risks relating to seasonal factors.

5. Default risk: negative pledges and debt covenants

The contracts relating to the bond issued by the Parent Company and the Redfire, Inc. private placement include negative pledges and covenants.
The negative pledge clauses are intended to limit the Group's ability to grant significant rights to the Group's assets to third parties, in particular by establishing specific restrictions on selling or pledging assets.
The covenants include the Group's obligation to attain particular levels for certain financial indicators, most notably the ratio of net debt to measures of Group profitability.
If the Group fails to fulfil these obligations, after an observation period in which any breach has not been rectified, it could be served with notice to repay the residual debt.
The ratios are monitored by the Group at the end of each quarter and have so far been a long way from reaching the thresholds that would constitute non-compliance.

6. Operating segments

The Group's reporting is based mainly on brands and groups of brands in its four business areas:
- spirits: alcohol-based beverages with alcohol content either below or above 15% by volume. Drinks above 15% are defined by law as "spirits"
- wines: both sparkling and still wines including aromatised wines such as vermouth
- soft drinks: non-alcoholic beverages
- other: raw materials, semi-finished and finished products bottled for third parties

At operating and management level, the results of the four business areas are analysed on the basis of the contribution margin with each business generates. Fixed (structure) costs and taxes (which are managed at the level of each legal entity) and financial management (managed centrally by the Group) are not allocated to the business areas.
No sales are recorded between business areas.

First half 2010	Spirits €/000	Wines €/000	Soft drinks €/000	Other sales €/000	Total allocated €/000	Unallocated items and adjustments €/000	Consolidated €/000
Net sales to third parties	396,488	59,089	53,928	6,148	515,654		515,654
Income by segment	171,051	15,282	21,957	1,256	209,547		209,547
Structure costs						(95,125)	(95,125)
EBIT							**114,422**
Net financial income (charges)						(16,375)	(16,375)
Portion of results of affiliated companies	(100)	(17)	(49)		(166)		(166)
Put option charges						(191)	(191)
Taxes						(28,201)	(28,201)
Profit for the period							**69,489**

First half 2009	Spirits €/000	Wines €/000	Soft drinks €/000	Other sales €/000	Total allocated €/000	Unallocated items and adjustments €/000	Consolidated €/000
Net sales to third parties	319,316	59,838	56,835	5,794	441,782		441,782
Income by segment	140,870	13,876	21,365	788	176,899		176,899
Structure costs						(80,075)	(80,075)
EBIT							**96,824**
Net financial income (charges)						(13,289)	(13,289)
Portion of results of affiliated companies	(185)	(51)	(18)		(254)		(254)
Put option charges						-	-
Taxes						(22,953)	(22,953)
Profit for the period							**60,328**

7. Sales

A breakdown of sales is shown in the table below.

	First half 2010 €/000	First half 2009 €/000
Sale of goods	512,419	439,866
Provision of services	3,234	1,916
Total net sales	**515,654**	**441,782**

The provision of services refers to bottling the products of third parties.

8. Cost of goods sold

A breakdown of the cost of goods sold is shown by function and by nature in the two tables below.

Cost of goods sold by function	First half 2010 €/000	First half 2009 €/000
Materials and manufacturing costs	195,879	176,109
Distribution costs	20,208	16,777
Total cost of goods sold	**216,088**	**192,886**

Cost of goods sold by nature	First half 2010 €/000	First half 2009 €/000
Raw materials and finished goods acquired from third parties	159,957	146,398
Personnel costs	19,112	14,862
Depreciation and amortisation	9,112	8,007
Utilities	3,861	3,526
External production and maintenance costs	6,469	5,208
Variable transport costs	14,883	12,077
Other costs	2,694	2,808
Total cost of goods sold	**216,088**	**192,886**

9. Structure costs

A breakdown of structure costs is shown by function and by nature in the two tables below.

Breakdown of structure costs by function	First half 2010 €/000	First half 2009 €/000
Sales costs	43,824	38,435
General and administrative expenses	51,301	41,640
Total structure costs	**95,125**	**80,075**

Breakdown of structure costs by nature	First half 2010 €/000	First half 2009 €/000
Agents and other variable sales costs	8,789	7,075
Depreciation and amortisation	3,492	2,707
Personnel costs	48,081	39,393
Travel, transfers, training and meetings	7,812	6,571
Services, maintenance and insurance	12,482	11,032
Operating leases and rental expenses	3,716	4,992
Other	9,182	6,741
One-offs: (income) and charges	1,572	1,564
Total structure costs	**95,125**	**80,075**

A breakdown of one-offs: income and charges, is given in the next section.

10. One-offs: income and charges

A breakdown of this item is shown in the table below.

	First half 2010 € / 000	First half 2009 € / 000
Changes in put options and earn-outs	4,829	-
Total one-offs: income	4,829	-
Provisions for risks and future liabilities	(3,942)	-
Liquidation charges	-	(301)
Rental fees	(162)	
Personnel restructuring costs	(2,090)	(985)
Other one-offs: charges	(207)	(279)
Total one-offs: charges	(6,401)	(1,565)
Total one-offs: income (charges)	**(1,572)**	**(1,565)**

The changes in put options and earn-outs relate to the change in the estimate for the financial payable for the earn-out of X-Rated Fusion Liqueur and the put options on the remaining shares in Cabo Wabo. See note 24 – *Other non-current liabilities* for further details.

Provisions for risks and future liabilities amounting to € 3,942 thousand relate mainly to tax risks accrued by the Parent Company.

The personnel restructuring costs of € 2,090 thousand were incurred largely by Campari do Brasil Ltda, Campari International S.A.M. and the Parent Company in relation to various positions.

11. Financial income and charges

The breakdown of net financial income (charges) is as follows:

	First half 2010 €/000	First half 2009 €/000
Bank and term deposit interest	2,902	4,206
Other income	252	633
Total financial income	**3,154**	**4,839**
Interest payable on bonds and private placement	(20,119)	(8,990)
Interest payable on leases	(55)	(176)
Interest payable to banks	(215)	(2,350)
Total interest expenses	**(20,389)**	**(11,516)**
Effects of discounting payables for put options	(41)	(230)
Bank charges	(224)	(796)
Other charges and net exchange rate differences	1,127	(1,656)
Total financial charges	**(19,528)**	**(14,198)**
Financial charges on the term loan facility	-	(3,930)
One-offs: charges	**-**	**(3,930)**
Net financial income (charges)	**(16,375)**	**(13,289)**

12. Put option charges

Put option charges relate to the portions of the profit or loss pertaining to the minority shareholders of Cabo Wabo, LLC and Redfire Mexico S. de R.L. de C.V.
The agreement to acquire Cabo Wabo provides for the option of increasing the Group's holding in the company via put/call options.
In accordance with international accounting standards, the Group therefore recorded these acquisitions at 100%, including a financial payable for the shares not yet owned.

13. Taxes

A breakdown of current and deferred tax is shown in the table below.

	First half 2010 €/000	First half 2009 €/000
- taxes for the period	(22,173)	(18,751)
- taxes relating to previous periods	44	(988)
Income tax - current	(22,128)	(19,739)
Income tax - deferred	(6,073)	(3,214)
Income tax posted to the income statement	**(28,201)**	**(22,953)**

14. Net tangible assets

Changes in this item are shown in the table below.

	Land and buildings €/000	Plant and machinery €/000	Other €/000	Total €/000
Carrying value at start of period	215,368	228,818	75,220	519,406
Opening accumulated depreciation	(46,441)	(156,193)	(32,787)	(235,421)
Balance at 31 December 2009	**168,927**	**72,625**	**42,434**	**283,984**
Investments	17,840	11,706	7,628	37,174
Disposals	-	(17)	(1,500)	(1,517)
Depreciation	(3,303)	(6,606)	(2,697)	(12,605)
Reclassifications	183	(95)	(89)	(0)
Exchange rate differences and other changes	9,642	2,147	6,101	17,889
Balance at 30 June 2010	**193,288**	**79,761**	**51,878**	**324,925**
Carrying value at end of period	243,845	246,083	87,493	577,420
Closing accumulated depreciation	(50,557)	(166,322)	(35,616)	(252,495)

Investments in land and buildings for the period, amounting to € 17,840 thousand, include the construction of the new plant in Suape, in which Campari do Brasil Ltda has invested € 12,839 thousand: € 9,757 thousand in land and buildings and € 3,082 thousand in plant and machinery. To date, total assets of € 28.3 million are recorded against this project.
In addition, Rare Breed Distilling, LLC is in the process of building a new distillery in Lawrenceburg. The project has been financed through third parties via the parent company Redfire, Inc, and € 6,973 thousand was capitalised in 2010. The related financial charges of € 361 thousand were capitalised under other, at a rate of 7.3%. To date, total assets of € 12.7 million are recorded against this project.
Lastly, investments in land and buildings include € 465 thousand attributable to Glen Grant Distillery Company Ltd. for building works carried out in the semi-finished products warehouse at Burncrook; the remainder is attributable to the expansion and restructuring work carried out at the offices and plants of various Group subsidiaries.

Investments in plant and machinery, amounting to € 11,706 thousand, primarily included:
- the Parent Company's investments in manufacturing units, amounting to € 4,002 thousand. Specifically: € 1,973 thousand on production line improvements at Crodo, € 1,452 thousand for new plant at Novi, including a saturation plant, and € 544 thousand for other line improvements
- investments of € 3,082 thousand made by Campari do Brasil Ltda. in the new plant in Suape

- investments of € 400 thousand made by Sella & Mosca S.p.A. in Alghero
- investments of € 300 thousand made by Kaloyiannis-Koutsikos Distilleries S.A. to upgrade existing production lines

Other investments in tangible assets of € 7,628 thousand included primarily:
- € 4,143 thousand for the purchase of barrels to age whisky, of which € 3,659 thousand relates to Rare Breed Distilling, LLC, € 249 thousand relates to Glen Grant Distillery Company Ltd. and € 216 thousand relates to Sabia S.A.
- € 1,286 thousand for investments made by Rare Breed Distilling, LLC to upgrade the storage facilities for the barrels for aging whisky
- € 793 thousand in investments in furniture and electronic machinery for the premises of Campari Australia Ltd
- € 628 thousand in investments made by the Parent Company for the Campari Gallery

Disposals of € 1,527 thousand were entirely attributable to Rare Breed Distilling, LLC, and related to the sale of *barriques* (wooden barrels).

15. Biological assets

Changes in this item are shown in the table below.

	Assets valued at fair value € / 000	Assets valued at cost € / 000	Total € / 000
Opening value	3,093	21,777	24,870
Opening accumulated depreciation	-	(6,369)	(6,369)
Balance at 31 December 2009	**3,093**	**15,407**	**18,501**
Investments	-	288	288
Fair value valuation charges	(20)	-	(20)
Depreciation	-	(514)	(514)
Balance at 30 June 2010	**3,073**	**15,181**	**18,254**
Closing value	3,073	22,085	25,158
Closing accumulated depreciation	-	(6,904)	(6,904)

All investments in the period relate to Sella & Mosca S.p.A., and concerned the vineyards in Sardinia and Tuscany.

16. Investment property

As of 30 June 2010, investment property of € 668 thousand remained broadly unchanged from the end of the previous year, and included apartments and a shop in the provinces of Milan, Bergamo and Verbania, and two buildings in rural locations in the province of Cuneo.
The carrying value of investment property approximates fair value.

17. Goodwill and trademarks

Changes during the period are indicated in the table below.

	Goodwill €/000	Trademarks €/000	Total €/000
Carrying value at start of period	858,317	345,722	1,204,040
Opening impairment	(4,661)	-	(4,661)
Balance at 31 December 2009	**853,656**	**345,722**	**1,199,379**
Exchange rate differences	100,893	37,816	138,708
Balance at 30 June 2010	**954,549**	**383,538**	**1,338,087**
Carrying value at end of period	959,720	383,538	1,343,259
Closing impairment	(5,171)	-	(5,171)

Exchange rate differences of € 138,708 thousand were due to the adjustment to the exchange rates of the goodwill of Skyy Spirits LLC, Cabo Wabo LLC, Campari do Brasil Ltda, Sabia S.A., Destiladora San Nicolas S.A. de C.V, CJSC Odessa Sparkling Wine Company and Wild Turkey, as well as those of the brands X-Rated Fusion Liqueur, Cabo Wabo and Wild Turkey.

The allocation of goodwill and trademarks to individual units is reported in the table below.

	30 June 2010		31 December 2009	
	Goodwill	Trademarks	Goodwill	Trademarks
	€/000	€/000	€/000	€/000
Former Bols brands	4,612	1,992	4,612	1,992
Ouzo-12	9,976	7,429	9,976	7,429
Cinzano	51,457	772	51,457	772
Brazilian acquisition	81,914	-	72,028	-
SKYY	392,243	-	334,112	-
Zedda Piras SpA,- Sella & Mosca SpA and subsidiaries	55,311	21	55,311	21
Barbero	137,859	-	137,859	-
Riccadonna	-	11,300	-	11,300
Glen Grant, Old Smuggler and Braemar	-	104,277	-	104,277
X-Rated	-	41,424	-	35,515
Cabo Wabo	29,448	57,929	25,084	49,343
DSN	8,825	7,486	7,342	6,232
Sabia	4,806	108	4,240	95
Mondoro		1,028		1,028
Wild Turkey	168,685	148,806	143,685	126,753
Odessa	9,160	-	7,699	-
MCS	252		252	
Other		966		966
	954,549	**383,538**	**853,656**	**345,722**

18. Intangible assets with a finite life

Changes during the period are indicated in the table below.

	Software	Other	Total
	€/000	€/000	€/000
Carrying value at start of period	13,007	14,993	28,000
Opening accumulated amortisation	(9,987)	(12,546)	(22,533)
Balance at 31 December 2009	**3,020**	**2,447**	**5,467**
Investments	643	2,408	3,052
Amortisation for the period	(857)	(516)	(1,374)
Exchange rate differences and other changes	(66)	310	244
Balance at 30 June 2010	**2,742**	**4,649**	**7,390**
Carrying value at end of period	14,177	14,292	28,469
Closing accumulated amortisation	(11,436)	(9,643)	(21,079)

Investments in the first half of the year related to the implementation of new modules and upgrades for the SAP IT system.

19. Other non-current assets

This item breaks down as follows:

	30 June 2010 €/000	31 December 2009 €/000
Financial receivables from Lehman Brothers	4,808	4,397
Term deposits maturing after 1 year	-	155,066
Derivatives on the Parent Company's bond issue (Eurobond)	9.751	-
Non-current financial assets	**14,559**	**159,463**
Equity investments in other companies	322	309
Security deposits given	882	673
Receivables from employee benefit funds	910	872
Other non-current receivables from main shareholders	-	188
Other non-current receivables	1,205	788
Other non-current assets	**3,319**	**2,830**
Non-current assets	**17,878**	**162,293**

Changes in non-current assets include the reclassification of term deposits maturing in March 2011 to short-term financial receivables.
At 30 June 2010, the item also includes the positive value of the derivative issued by the Parent Company on the 2009 bond (Eurobond), which involves the payment of a variable interest rate (6-month Euribor + 210 basis points) on an underlying amount of € 250 million. See note 24 – *Bonds* for further information.

20. Inventories

This item breaks down as follows:

	30 June 2010 €/000	31 December 2009 €/000
Raw materials, supplies and consumables	36,949	32,306
Work in progress and liquid undergoing the aging process	184,290	164,429
Finished products and goods for resale	94,799	74,692
Inventories	**316,039**	**271,428**

Changes in provisions for inventory write-downs are as follows:

	€/000
Balance at 31 December 2009	**4,335**
Provisions	591
Amounts used	(1,406)
Exchange rate differences and other changes	(466)
Balance at 30 June 2010	**3,986**

21. Short-term financial receivables

	30 June 2010 €/000	31 December 2009 €/000
Securities and term deposits	**156,118**	**3,571**
Net accrued swap interest income/expense on bonds	8,911	1,153
Valuation at fair value of forward contracts	1,663	1,839
Other financial assets and liabilities	107	93
Other short-term financial receivables	**10,681**	**3,085**
Short-term financial receivables	**166,799**	**6,656**

Term deposits of € 155,000 thousand relate to liquid investments of Group companies that mature in March 2011 and earn interest at a fixed rate of between 1.20% and 1.22%. At 31 December 2009, these investments were classified under non-current financial assets.

22. Cash and cash equivalents

	30 June 2010 €/000	31 December 2009 €/000
Bank current accounts and cash	95,144	93,311
Term deposits maturing within 3 months	47,247	36,324
Cash and cash equivalents	**142,392**	**129,636**

Reconciliation with net debt

The table below shows the reconciliation between cash and net debt.

	30 June 2010 €/000	31 December 2009 €/000
Cash and cash equivalents	142,392	129,636
Liquidity (A)	142,392	129,636
Securities	156,118	3,571
Other short-term financial receivables	10,681	3,084
Short-term financial receivables (B)	166,799	6,656
Short-term bank debt	(13,226)	(17,274)
Current portion of real estate lease payables	(3,318)	(3,277)
Current portion of private placement and bonds	(6,791)	(5,785)
Other short-term financial payables	(25,585)	(13,537)
Short-term financial debt (C)	(48,920)	(39,873)
Short-term net cash (debt) position (A+B+C)	260,270	96,419
Medium / long-term bank debt	(441)	(895)
Real estate lease payables	(4,685)	(6,345)
Private placement and bonds	(910,333)	(861,777)
Other medium / long-term financial payables	(719)	(739)
Payables for put options and earn-outs	(14,867)	(16,931)
Medium / long-term financial debt (D)	(931,045)	(886,688)
Net debt (A+B+C+D)	(670,775)	(790,269)
Reconciliation with the Group's net debt, shown in the directors' report:		
Assets for derivatives on bonds, non-current portion	9,751	-
Term deposits maturing after 1 year	-	155,066
Medium / long-term financial receivables	4,808	4,398
Group's net debt	(656,216)	(630,805)

23. Shareholders' equity

Share capital

In the first half of 2010, the Parent Company approved a bonus share issue implemented via the issue of 290,400,000 shares with a nominal value of € 0.10 per share to be provided free of charge to shareholders in the ratio of one new share for each share held, through the use of retained earnings.
Thus at 30 June 2010, the share capital was € 58,080,000 comprising 580,800,000 ordinary shares with a nominal value of € 0.10 each.

In the first six months of the year, the Group purchased 2,320,000 shares for a total price of € 9,260 thousand, equivalent to an average price of € 3.99, and sold 3,889,952 shares through the exercise of stock options.

The table below shows the reconciliation between the number of outstanding shares at 31 December 2009 and at 30 June 2010. The figures at 31 December 2009 have been adjusted to take into account the bonus share issue:

	No. of shares		Nominal value	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
			€	€
Outstanding shares at the beginning of the period	575,891,760	576,918,506	57,589,176	57,691,851
Purchases for the stock option plan	(2,320,000)	(4,398,000)	(232,000)	(439,800)
Disposals	3,889,952	3,371,254	388,995	337,125
Outstanding shares at the end of the period	577,461,712	575,891,760	57,746,171	57,589,176
Total treasury shares held	3,338,288	4,908,240	333,829	490,824
Own shares as a % of share capital	0.6%	0.8%		

Dividends paid and proposed

Dividends equal to € 34,593 thousand relating to 2009 profits, were approved by the shareholders' meeting of the Parent Company on 30 April 2010 and paid in May 2010.

	Total amount		Dividend per share	
	30 June 2010 €/000	31 December 2009 €/000	30 June 2010 (€)	31 December 2009 (€)
Dividends approved and paid during the period on ordinary shares	34,593	31,829	0.06	0.05
Dividends proposed on ordinary shares		34,593		0.06

Other reserves

The table below shows a breakdown of, and changes to the shareholders' equity reserves for stock options, cash flow hedging and currency translation.

	Stock options €/000	Cash flow hedging €/000	Conversion of accounts in foreign currencies €/000	Total €/000
Balance at 31 December 2009	**12,816**	**(771)**	**(57,728)**	**(45,682)**
Cost of stock options for the period	3,562			3,562
Stock options exercised	(1,481)			(1,481)
Losses (profits) reclassified in the income statement		(164)		(164)
Cash flow hedge reserve allocated to shareholders' equity		4,311		4,311
Tax effect allocated to shareholders' equity		(1,428)		(1,428)
Conversion difference	51		138,766	138,818
Balance at 30 June 2010	**14,948**	**1,947**	**81,038**	**97,934**

24. Bonds and other non-current liabilities

The table below shows a breakdown of the Group's bonds and other non-current liabilities:

	30 June 2010 €/000	31 December 2009 €/000
Parent Company bond (US$) issued in 2003	249,315	207,237
Parent Company bond (Eurobond) issued in 2009	355,256	342,759
Private placement issued in 2002	98,578	84,712
Private placement issued in 2009	201,679	171,731
Total bonds and private placements	**904,828**	**806,440**
Payables and loans to banks	441	895
Property leases	4,685	6,345
Derivatives on Parent Company bond (US$)	5,505	51,935
Derivatives on Parent Company bond (Eurobond)	-	3,403
Payables for put options and earn-outs	3,926	14,429
Other debt	719	739
Non-current financial liabilities	15,277	77,746
Other non-financial liabilities	201	
Other non-current liabilities	**15,478**	**77,746**

Bonds

The bonds relate to two bond placements by the Parent Company with a nominal value of US$ 300 million and € 350 million, issued in 2003 and 2009 respectively.

The change in the value of this liability compared with 31 December 2009 was entirely due to the change in fair value of the financial liability, connected with the change in fair value of the related hedging derivatives.

Specifically, a cross currency swap has been taken out on exchange rates and interest rates for the 2003 bond, swapping from a fixed rate on US dollars to a variable rate on euros (6-month Euribor + 60 basis points). The increase in fair value recorded on the derivative amounted to € 41,424 thousand, while the value of the debt increased by € 42,005 thousand. The negative impact on the income statement for the period is € 580 thousand, before taking into account the tax effect.

On the same bond, there are various interest rate swaps that involve the payment of an average fixed rate of 4.25% on total underlying amounts of US$ 200 million. The reduction in the fair value of this derivative, totalling € 5,005 thousand, was suspended in the statement of comprehensive income, since the cash flow hedging transaction met the requirements for effectiveness. The associated deferred tax effect was € 1,376 thousand. In the first half of 2010, € 430 thousand was released to the income statement, with a tax effect of € 118 thousand.

An interest rate swap has been taken out on the 2009 bond. At 30 June 2010 its fair value was € 9,751 thousand, and was therefore classified under non-current financial assets. The increase of € 13,154 thousand in the value of the derivative recorded during the first half of 2010, net of the negative change of € 12,206 in the value of the underlying debt, generated net gains during the period of € 948 thousand, before taking into account the tax effect.

Private placement

The private placement represents two bonds placed by Redfire, Inc. in the US market in 2002 and 2009.

Apart from the effects arising from the translation of bonds denominated in US dollars, the only change in the debt is the release of the effects of the amortised cost of the 2002 private placement, previously adjusted due to fair value hedges no longer in existence; this effect is equivalent to financial income of US$ 1.2 million (€ 0.9 million).

Payables for put options and earn-outs

The payable for put options relating to the acquisition of Cabo Wabo refers to the remaining 20% of share capital held by minorities. On 30 July 2010, these options, which were originally planned to mature in 2012 and 2015, were exercised early, and the Group signed an agreement to pay US$ 11 million for the remaining share capital. This amount has therefore been reclassified to short-term financial payables. The agreement also provided for an earn-out mechanism for the next three years, based on the sales volumes for the Cabo Wabo brand achieved by the Group.

The adjustment to the above figures, along with the adjustment to the estimates for the earn-out on the brand X-Rated Fusion Liqueur, resulted in the recognition of income of € 4.8 million in the income statement for the first half of the year.

The remaining change in the payable corresponds to exchange rate differences against the US dollar and, to a lesser extent, the effects of the adjustments.

25. Payables to banks and other short-term financial payables

	30 June 2010 €/000	31 December 2009 €/000
Payables and loans to banks	13,226	17,274
Short-term portion of private placement (issued in 2002)	6,791	5,785
Accrued interest on bonds	22,230	11,528
Property leases	3,318	3,277
Financial liabilities on hedging contracts	3,179	1,668
Payables for put options and earn-outs	10,941	2,502
Other debt	176	341
Total other financial payables	46,635	25,101

Private placement (issued in 2002)
The short-term portion of the payable represents the part of the private placement issued in 2002 (US$ 8.3 million) that expires in July 2010.

Hedging contracts on sales and purchases
Campari International S.A.M. holds forward contracts on receivables and payables in currencies other than the euro in its accounts. The valuation of these contracts at the reporting date gave rise to the reporting of assets of € 1,663 thousand and liabilities of € 2,485 thousand.
The company also holds forward contracts on future sales and purchases deemed to be highly likely. The existing hedges have a nominal value of US$ 5.8 million and JPY 217.3 million, and all cash flows concerned will materialise in 2010.
These hedging transactions met the requirements for effectiveness, and an unrealised loss of € 0.7 million was suspended in the statement of comprehensive income, net of the tax effect. The value of the associated financial liability is € 694 thousand.

Payables for put options and earn-outs
The short-term potion of these payables represents the commitment to purchase the remaining stake in Cabo Wabo and the earn-out payments for the year for X-Rated Fusion Liqueur.

26. Reserve for risks and future liabilities

	Tax reserve €/000	Reserve for industrial restructuring €/000	Agent severance fund €/000	Other €/000	Total €/000
Balance at 31 December 2009	**3,404**	**3,715**	**1,220**	**2,323**	**10,661**
Provisions	3,796	-	183	1,700	5,678
Amounts used	(621)	(539)	(89)	(674)	(1,924)
Exchange rate differences and other changes	62	(30)	32	221	284
Balance at 30 June 2010	**6,640**	**3,146**	**1,345**	**3,569**	**14,699**

The tax reserve of € 6,640 thousand includes provisions by the Parent Company of € 3,784 thousand.
Of the € 621 thousand used during the period, € 483 thousand is attributable to Campari Italia in relation to tax inspections for the 2004 tax year.

The reserve for industrial restructuring of € 3,146 thousand at the end of the period includes € 2,000 for the liabilities recognised by the Parent Company following the termination of production at the Sulmona plant in 2007. Reserves of € 369 thousand have already been used, and the remaining amount is expected to be used in full in 2010 for the completion of the procedure that led to the creation of this reserve.
The reserve for restructuring also includes provisions made in 2009 in relation to the closure of Qingdao Sella & Mosca Winery Co Ltd and provisions for winding up various positions within the Group.

Provisions of € 1,700 thousand were made to other reserves, of which € 1,226 thousand was allocated by the Parent Company for disputes involving its Brazilian subsidiary connected to the management of the company formerly known as UDV.

At 31 December 2009, Campari do Brasil Ltda. was in dispute with the Brazilian tax authorities, which have contested the classification of products sold by the company for production tax (IPI) purposes.
At 30 June 2010, the taxes and penalties claimed stood at BRL 120.8 million (€ 54.7 million).
The company has contested this claim in full, appointing local advisors. Based on the opinions expressed by the advisors, it is deemed unnecessary at present to establish a special provision.
As a result, no provisions were made for this item in the accounts for the period ending 30 June 2010.

27. Payables to tax authorities

Payables to tax authorities are down by € 6,067 thousand compared to the previous year at € 69,022 thousand, due to the combined effect of the payment of taxes for the previous year and the provision for estimated taxes for the first half of the year. Specifically, Group companies paid taxes totalling € 33,255 thousand.

28. Stock options

New allocations of stock options were also approved in the first six months of 2010. These may be exercised in the period between 2015 and 2017. The number of options granted for the purchase of the same number of shares was 15,797,858, at an average allocation price of € 3.85, equivalent to the weighted average market price in the month preceding the day on which the options were granted.
The average fair value of these options is € 1.27.
The following assumptions were used for the fair value measurement of options issued in 2010 and 2009:

	2010	2009
Expected dividends (€)	0.06	0.06
Expected volatility (%)	27%	26%
Historical volatility (%)	27%	26%
Market interest rate	2.71%	2.80%
Expected option life (years)	7	7
Exercise price (€)	3.85	2.99

The criterion for fair value measurement is the same as that described in the consolidated financial statements for the year ending 31 December 2009.

29. Related parties

Davide Campari-Milano S.p.A. is controlled by Alicros S.p.A., which at is turn is controlled by Fincorus S.p.A.
Fincorus S.p.A., Davide Campari-Milano S.p.A. and its Italian subsidiaries have adopted the national tax consolidation scheme governed by articles 117 *et seq* of the consolidated law on income tax (TUIR) for 2010-2012.
The tax receivables and payables of the individual Italian companies are therefore recorded as payables to the Parent Company's main shareholder, Fincorus S.p.A.
At 30 June 2010, the overall position of the Italian subsidiaries of Davide Campari-Milano S.p.A. and of the Parent Company itself in respect of Fincorus S.p.A., in relation to the tax consolidation scheme, is a net payable of € 13,324 thousand.
The table below shows the net debit balance.

Moreover, Fincorus S.p.A., Davide Campari-Milano S.p.A. and its Italian subsidiaries have joined the Group-wide VAT scheme for the three-year period 2008-2010, pursuant to article 73, paragraph 3 of Presidential Decree 633/72.
At 30 June 2010, the Parent Company and its Italian subsidiaries recorded a payable balance of € 1,774 thousand due to Fincorus S.p.A.

The receivables and payables arising as a result of the tax consolidation scheme are non-interest bearing.

Dealings with related parties and joint ventures form part of ordinary operations and are carried out under market conditions (i.e. conditions that would apply between two independent parties) or using criteria that allow for the recovery of costs incurred and a return on invested capital.
All transactions with related parties were carried out in the Group's interest.

The amounts for the various categories of transaction entered into with related parties are set out below.

30 June 2010	Trade receivables	Trade payables	Receivables (payables) for tax consolidation	Receivables (payables) for Group VAT	Other non-current tax receivables	Other receivables (payables)
	(€/000)	(€/000)	(€/000)	(€/000)	(€/000)	
International Marques V.O.F.	998	-	-	-	-	
Focus Brands Trading Ltd	594	-	-		-	
Fincorus S.p.A.	-	-	(13,324)	(1,774)	-	-
	1,591	**-**	**(13,324)**	**(1,774)**	**-**	**-**
Balance sheet percentage of related item	1%	0%	22%	3%	0%	0%

31 December 2009	Trade receivables	Trade payables	Receivables (payables) for tax consolidation	Receivables (payables) for Group VAT	Other non-current tax receivables	Other receivables (payables)
	(€/000)	(€/000)	(€/000)	(€/000)	(€/000)	
International Marques V.O.F.	938	(8)	-	-	-	
Focus Brands Trading Ltd	672	-	-		-	
Fincorus S.p.A.	-	-	(22,379)	(6,406)	188	(41)
	1,609	**(8)**	**(22,379)**	**(6,406)**	**188**	**(41)**
Balance sheet percentage of related item	1%	0%	34%	10%	1%	0%

First half 2010	Sale of merchandise	Trade allowances	Other income and charges	Financial income	Profit (loss) of joint ventures
	(€ / 000)	(€ / 000)	€/000	(€ / 000)	(€ / 000)
Alicros s.r.l.			81		
International Marques V.O.F.	1,456	(364)	-	-	(166)
	1,456	**(364)**	**81**	**-**	**(166)**
Balance sheet percentage of related item	0%	0%			

First half 2009	Sale of merchandise	Trade allowances	Other income and charges	Financial income	Profit (loss) of joint ventures
	€ / 000	€ / 000	€ / 000	€ / 000	€ / 000
International Marques V.O.F.	1,116	(480)	(32)	-	13
M.C.S. S.c.a.r.l.	3,069	(889)	(37)	6	(267)
Focus Brands Trading Ltd (*)	526	(182)			
	4,710	**(1,552)**	**(68)**	**6**	**(254)**
Balance sheet percentage of related item	1%	2%			

(*) Please note that in the half-year report to 30 June 2009, the operations of the Indian joint venture Focus Brands trading were accidentally omitted. However, these have now been included in the table above.

30. Commitments and risks

For information regarding the Group's commitments and risks, please see note 39 of the Financial Report at 31 December 2009.

31. Subsequent events

For information on significant events taking place after the close of the half-year, please see the relevant section of the interim report on operations.

Sesto San Giovanni, Wednesday 4 August 2010.

Chairman of the Board of Directors
Luca Garavoglia

Certification of the condensed half-year consolidated financial statements in accordance with article 81-*ter* of Consob Regulation 11971 of 14 May 1999 and subsequent revisions and amendments

1. We, Robert Kunze-Concewitz and Paolo Marchesini, managing director and the director responsible for preparing the accounting documents of Davide Campari-Milano S.p.A., hereby certify, taking into account the provisions of paragraphs 3 and 4, article 154-*bis*, of legislative decree 58 of 24 February 1998:

   - the appropriateness, in relation to the nature of the business, and
   - the actual application of the administrative and accounting procedures used to prepare the condensed half-year financial statements, in the half-year period ending 30 June 2010.

2. We furthermore certify that

2.1 the condensed half-year financial statements:

a) were prepared in accordance with the applicable international accounting standards recognised in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002

b) correspond to the figures contained in the accounting records

c) provide a true and accurate representation of the financial situation of the issuer and the group of companies included in the basis of consolidation

2.2 the interim report on operations refers to significant events that occurred in the first six months of the year and their effects on the condensed half-year financial statements, together with a description of the main risks and uncertainties relating to the remaining six months of the year. The interim report on operations also contains information on significant transactions with related parties.

Sesto San Giovanni, Wednesday 4 August 2010

Managing Director
Robert Kunze-Concewitz

Director responsible for preparing
the company's accounting statements
and Managing Director
Paolo Marchesini

AUDITORS' REPORT ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2010

To the Shareholders of
Davide Campari-Milano SpA

1 We have reviewed the condensed consolidated interim financial statements of Davide Campari-Milano SpA and its subsidiaries (Campari Group) as of 30 June 2010 and for the six-month period then ended, comprising the income statement, the statement of comprehensive income, the balance sheet, the cash flow statement, the statement of changes in shareholders' equity and the related notes. Davide Campari-Milano SpA's Directors are responsible for the preparation of the condensed consolidated interim financial statements in accordance with the International Accounting Standard (IAS 34), applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.

2 Our work was conducted in accordance with the criteria for a review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) with Resolution no. 10867 of 31 July 1997. The review consisted principally of inquiries of company personnel about the information reported in the condensed consolidated interim financial statements and about the consistency of the accounting principles utilised therein as well as the application of analytical review procedures on the amounts contained in the above mentioned condensed interim financial statements. The review excluded certain auditing procedures such as compliance testing and verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike an audit on the annual consolidated financial statements, we do not express an audit opinion on the condensed consolidated interim financial statements.

The amounts of the consolidated financial statements of the prior year and the consolidated condensed interim financial statements of the prior year presented for comparative purposes, have been respectively audited and reviewed by other auditors and, therefore, reference should be made to their reports dated 6 April 2010 and dated 6 August 2009, respectively.

3 Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the Campari Group as of 30 June 2010 and for the six-month period then ended have not been prepared, in all material respects, in accordance with IAS 34, applicable to interim financial reporting, as adopted by the European Union.

Milan, 4 August 2010

PricewaterhouseCoopers SpA

Signed by

Fabio Facchini
(Partner)

(This report has been translated from the original version which was issued in accordance with the Italian legislation into the English language solely for the convenience of international readers.)