ANNUAL REPORT

TFF
GROUP

Contents

TFF
GROUP

"A year of consolidation and

CASK MAKING

STAVE MILLING AND FORESTING

WOOD PRODUCTS FOR OENOLOGY

WHISKY & BOURBON COOPERAGE

WINE COOPERAGE

STAINLESS STEEL VAT MAKING

construction for TFF Group"

Madam, Sir and dear Shareholder

After describing last year as "2014-2015, an exceptional year in every way!" I would say that 2015-2016 was a year "of consolidation and construction for TFF Group". As I wrote to you at the time:
" After the outstanding performance we have just observed, 2015/2016 will be a year of transition while we wait for bourbon to become a new growth driver for the Group.My medium-term objective is to build a well-balanced group, implanted across the two major markets that are wine and spirits. "

A year of consolidation because of the particularly unfavourable base effect that resulted from last year's outstanding performance.TFF Group's business levels have essentially suffered from a significant but well anticipated drop in whisky market (-20%). Moreover, the American wine barrel market, where a drop had also been forecast, reinforced this trend.

However, the strong levels of activity achieved in Europe, in both barrels and large casks, mitigated the decline in business levels. Thus the Group posted strong growth, over 4% on a like-for-like basis, on what is a mature market.

With a turnover of 195 M € and a current operating income above € 40m, the group met its earnings targets and limited the decline in its business levels. I believe this performance is the result, on one hand, of a correct analysis and solid anticipation of the movements of our markets, and, on the other, of the strength of our strategy.

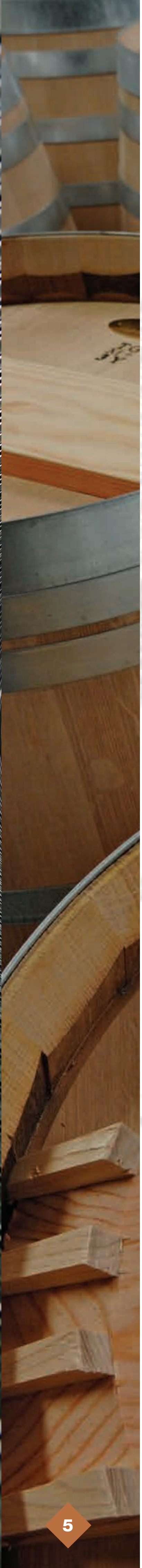
A year of construction, as I had announced, during which we had planned to invest $ 37 million in bourbon, a high growth market that allows us to diversify our spirits business and one that provides a major growth driver for the next few years. Production began on schedule and our new plant, operational since May 2016, should able to provide $ 20 million worth of business from the first year, 2016-2017, or the equivalent of more than 100,000 barrels.

What is our strategy for 2020 ?

The wine market is doing well and we are now well established commercially on five continents. Our diversification strategy, pursued relentlessly for years, has led us to the position of undisputed world leader with a market share of 30%, mainly in quality wines. We know this market perfectly and our position as global leader affords us a clear vision - often well in advance - of any opportunities that might arise.
Our extremely sound financial situation will enable us to weather the expected sluggish levels of consumption (1% per year) by turning to external growth and diversification. In line with this policy, two " major " acquisitions have marked the beginning of the new 2016-2017 financial year.

- **Acquired in May 2016, SAS Lejeune,** the French specialist in stainless steel vats for wine, represents our first foray into a " non wood " business that is nonetheless in the service of wines and spirits. This business which complements the historical activities of TFF Group, will contribute € 5 million to revenues with margins at similar standards to those of the Group. It will be profitable from the first year. It also opens the prospect of new synergies and new growth opportunities that can be exploited over the coming years.
- **IDELOT, acquired in July 2016,** is a foresting company that was already a partner-supplier of the Group. It will bring to TFF Group a volume of consolidated business of more than € 6 million. Its acquisition sits perfectly within the logical and announced strategy of seeking to integrate source businesses, specialised in the timber industry.It should also be profitable from the first year.

With these last two acquisitions, 6 points of growth are assured for TFF Group.



The alcohol market must now be analysed in tits wo distinct forms: the scotch whisky market on one hand and the American whiskey market, on the other.

After four years of strong growth, exceeding 30% per year, the scotch whisky market had been expected to decline this year.
The anticipation of this downward cycle allowed us to maintain a high overall operating profitability, above 20% of turnover, while preserving our position as the world's No1 independent cooperage.This trend should continue in 2016 and 2017, until the expected recovery.

On the bourbon market, our start up plan was met and production levels at our new plant in Ohio, Speyside Bourbon, have been steadily increasing since its inauguration in May 2016.

It is therefore with great confidence that I can announce our ambitious objectives for 2020 :

- **First a 50/50 balancing between our wine and liquor divisions,** all the better to «pool» our market risk, a strategy pursued in light of the success that we have seen in the marriage between wine and whiskey since 2008.
- **A turnover of around € 300 million, distributed as follows :**
    - € 160 million for the wine market ;
    - a return to € 70 million for the scotch whisky market through organic growth and targeted acquisitions ;
    - a gradual rise to € 60/70 million, or approximately 400,000 barrels on the bourbon market, in the spirit of what we achieved in under 5 years on the whisky market, with the ambition to conquer a 15% stake in this very dynamic area where growth looks set to rise significantly over coming years.
- **an EBITA of around € 60 million,** with a ratio similar to those on the luxury market.

Finally, an analysis of the stock market and the evolution of our share price.

The base effect
After the exceptional year in 2014-2015 which saw, at the end of July 2015, a share price above 100 €, strong trading volumes and a valuation of more than € 550 million, our share price has stabilised at around 95 euros, with a valuation of around € 500 million. The announcement of the results of this year of "consolidation and construction" could see a slowdown in share value and a "wait and see, short-term approach" which should find a resistance threshold at a valuation of around € 450 million.

Our goals are ambitious and yet realistic.
We have efficient production tools, teams that are mobilized and motivated, with an analysis that is professional and a management ethos that is rigorous. Our financial structure is sound and our debt well controlled at a level that stands under 10% of equity.

My confidence is total and serene with regard to the future for TFF Group.

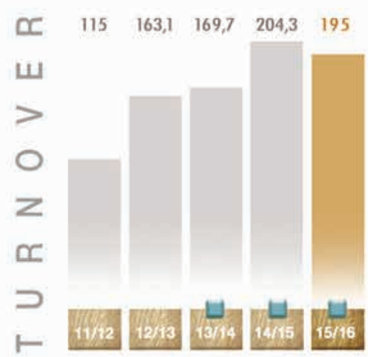
These are all reasons that allow us once again this year to offer a dividend of € 0.80 per share, by way of a thank you, dear madam, sir and shareholder, for the confidence you have placed in us and for the loyalty you have shown.

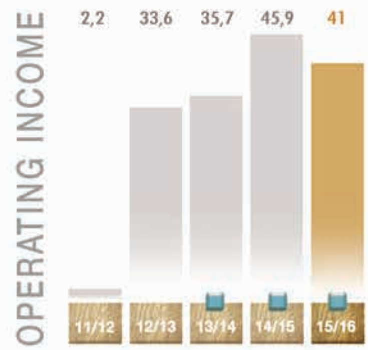
JÉRÔME FRANCOIS
Chairman of the Board

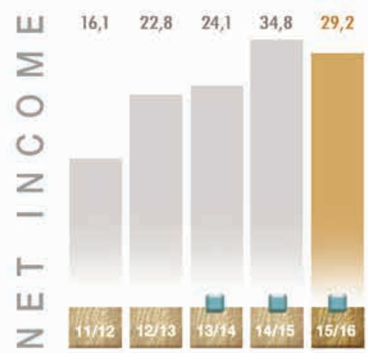
TFF GROUP

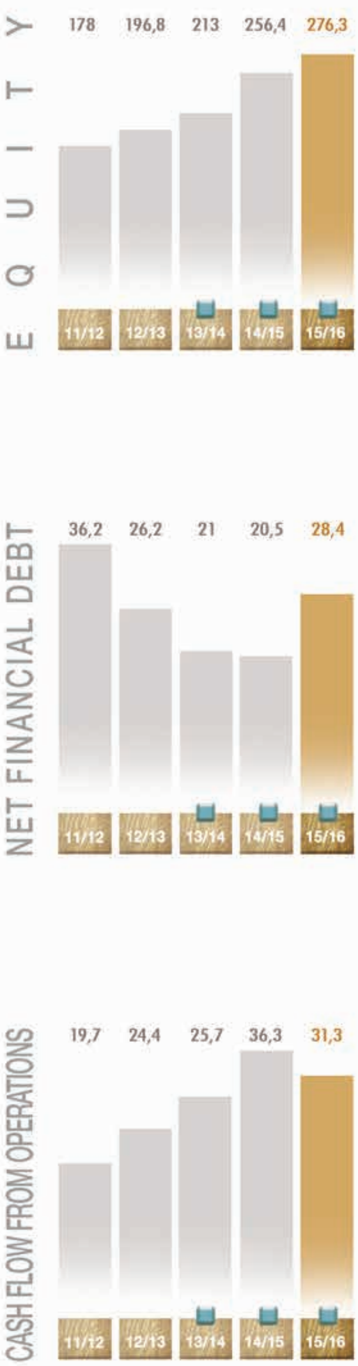
KEY FIGURES

A profitable year









adjusted for IFRS 11

TFF Group in 2016

2 Major markets,
Premium Wines
Alcohols

4 Complementary businesses in wood for the ageing of wine and alcohols :
Coopering
Wood products for oenology
Cask-making
Stave-milling

2 New professions :
Stainless steel vat making
Foresting

Towards a better balance of activities

- **61** % for wine barrels and large casks
- **30** % for the alcohol barrels
- **9** % for wood products for oenology

TFF GROUP

Locations on 5 continents
A commercial presence in 80 countries
International sales at 85%
World Market Share: > 25%
Staff: 799 including 379 in France

Towards a new balance

On the markets for wine barrels, big casks and wood products for oenology on one hand and on barrels for whiskey and spirits market on the other, TFF Group has become the undisputed global leader :

- in wine this has been the case for many years, since this was the first market the company worked on at its creation in the early twentieth century,
- more recently on the Scotch whisky market, where, in under eight years, the Group has become the world's leading independent cooper.

The year that just ended highlighted the relevance of our diversification strategy, with the cyclical nature of these markets once again demonstrated by the short term drop of the whisky market, after several years of strong and continuous growth. In keeping with this strategy of both horizontal and vertical diversification, TFF Group decided last year to invest in a "complementary" market, and one marked also by strong growth, the bourbon market. Our ambition for 2020 is to balance the share of the two divisions that are Wine & Spirits, within the company's consolidated turnover.

THE WINE MARKET AND RECENT ACQUISITIONS

With over 30% of market share, TFF Group consolidated in 2016, its leadership position in a mature market on which it achieves a turnover of near € 136 million, with growth above 4%

We must remember that the three major countries of the Group's businesses, France, the USA and Spain, represent about 70% of sales in wine. The year was marked by :

- a decline in the US market for the second consecutive year, because of low harvest volumes.
- a good harvest in France and in Spain, both abundant and of good quality
- a good performance for large casks that grew by more than 30% on a comparable basis
- a great performance in wine cooperage which grew by 2% on a comparable basis in a market where wine consumption grew by only 1% per year, although it did so regularly.

Always on the look-out for growth in this market, TFF Group acquired two new companies the year, SAS LEJEUNE in May 2016 and IDELOT in July 2016.

for TFF Group

LEJEUNE is a family business specialised in the production of stainless steel vats for wine, with a turnover of more than € 5 million and high operating margins, similar to those of the Group. Located in the Gironde region an employing 36 people, the company, which is highly technological and which has developed many patented products, represents a major acquisition for TFF Group. It is our first venture outside of wood and thus offers new growth prospects on markets beyond those of wine and spirits.
Through invention and technological innovation, Sas LEJEUNE, has become a leading player in stainless steel applied to the world of wine. In particular, it created the first stainless steel “wine storer” with a floating lid and the first conical vat.

The LEJEUNE family will continue to support TFF Group in the development of this highly-technological and high value-added area. The upmarket, stainless steel vat is perfectly complementary with our existing “wood for wine” activities.

IDELOT is also a family business, specialised in forestry, with a turnover of around € 9 million, of which almost € 3 million is earned as a supplier of logs to the Group’s main stave-mill, SOGIBOIS.

The Group thus strengthens, through this acquisition, its timber sourcing and secures its supplies. Through the acquisition of IDELOT, it also integrates new activities: wood for industry and wood for energy in the form of sales of logs from different hardwood species. These account for nearly half of IDELOT’s activity.

Antoine IDELOT will remain at the company’s head with a minority interest, thus ensuring the continued sustainability of his company.

The alcohol market

Scotch Whisky

During the 2015-2016 fiscal year, Scotch Whisky cooperages were heavily impacted by a cyclical and well forecast market decline after five years of strong growth. Business levels fell over the year from € 74 million to € 59 million, or from 36% to 30% of consolidated group sales.

TFF Group had analysed and anticipated this decline back in 2015. The Group was therefore able to stay strong in a market affected by:

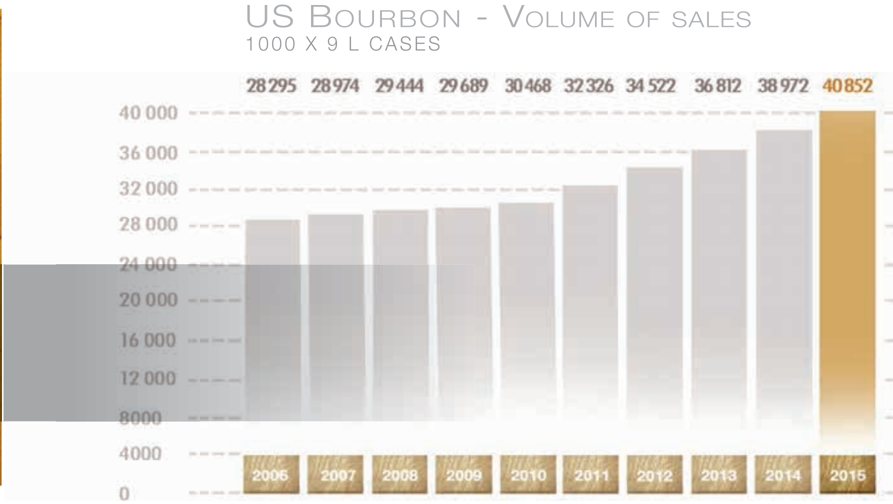
- a decline in the production of distilleries: - 8.5% in 2015 and - 4.5%expected in 2016
- an adjustment of inventories
- the prudence of producers in a market that nonetheless remains dynamic
- a Russian embargo
- the collapse of some currencies
- the economic difficulties of some emerging countries

TFF GROUP

Business levels continue to be weighed down by the sluggish trading activity which fell 33% over the year while the high value added renovation / repair activity rose by 6%.

Conversely, Speyside Kentucky continues its expansion on the US market with its activities now strongly connected with those of the new Bourbon cooperage in the neighboring state of Ohio, with which synergies and complementarities will gradually be sought, particularly with regard to barrel supplies.

TFF Group continues to exploit the dynamics of this market thanks to the momentum gathered from eight years of acquisitions and creations which have placed it in the position of independent market leader, with a market share of 90%. However, despite the momentum of a market buoyed by a forecast consumption of + 2.1% until 2020, the Group expects a new fall in the scotch market before an expected recovery from the 2017-2018 financial year.



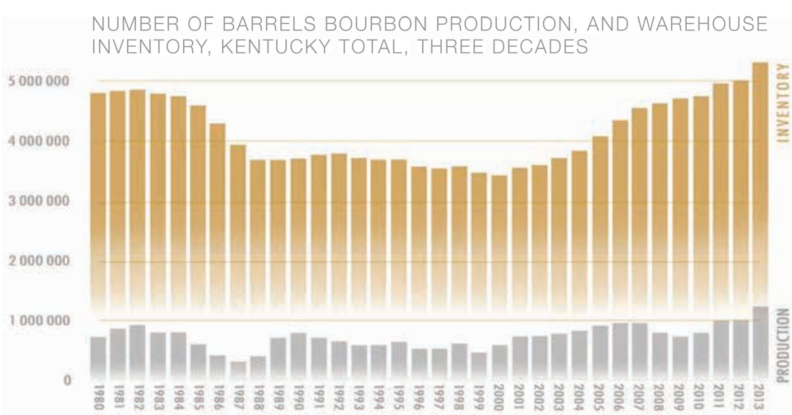
Under the headline “Bourbon, a market opportunity for TFF Group,” the 2015 annual report had explained at length :

- the group’s strategy of seeking out profitable diversification, in order to reduce and pool both its business and market risks
- its identification of a new, very promising market, characterised by strong sustainable growth, much like the Scotch whisky market between 2008 and 2015
- the benefit of not only complementary but synergistic products across its other markets
- its desire to play a major role in this market though a solid investment allowing for an operational startup from May 2016

The goal was reached :

- The timing for the equipping and commissioning of the 20 000 M^2 plant was respected and production began in May 2016

- the investment budget was also respected and the cooperage should generate, as expected and forecast, a turnover of around \$ 20 million over 2016-2017
- the market is meeting its promise of both performance and growth
- complementarities and synergies are taking shape.



TFF Group confirms its capacity through the plant, to produce, by 2020, 400,000 barrels per year and a turnover above € 60 million.

SOURCE KENTUCKY DISTILERS’ ASSOCIATION, KENTUCKY DEPARTEMENT OF REVENUE

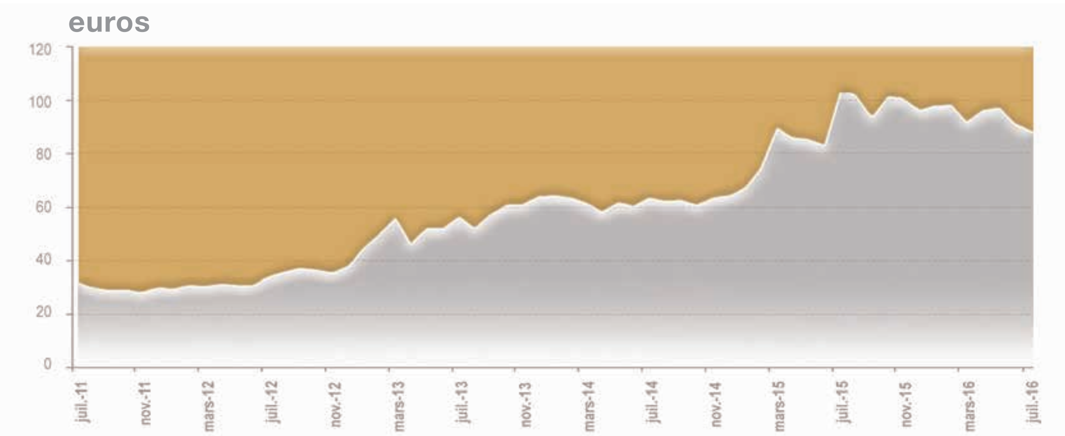
THE SHAREHOLDER'S

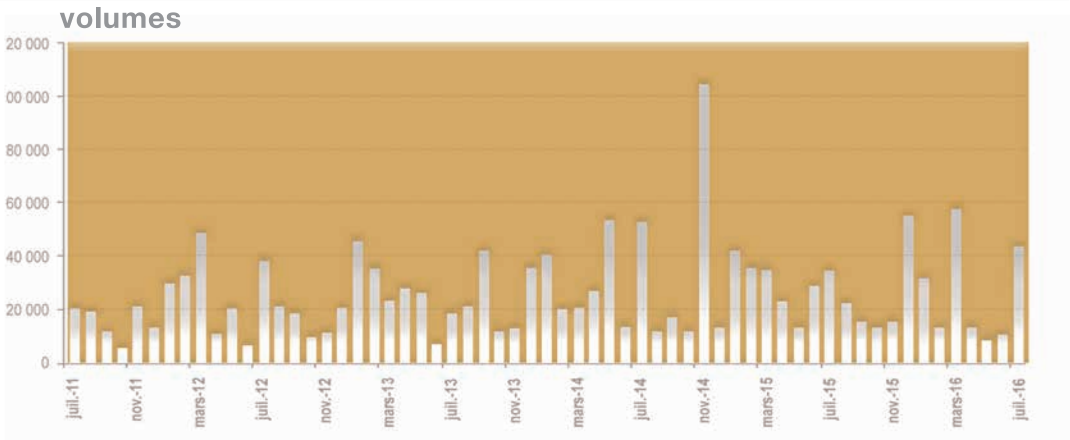
The evolution of the dividend from 1999/2000 to 2015/2016

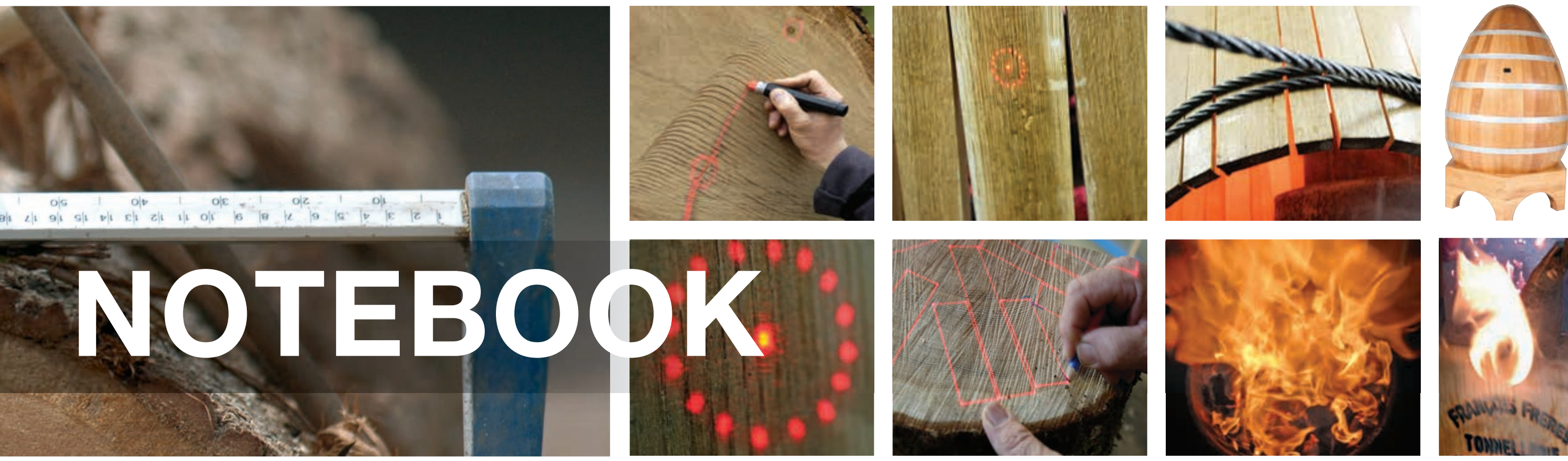
2013/2014 = 0,60 € + 0,20€ of exceptional dividend
2014/2015 = 0,60 € + 0,20€ of exceptional dividend
2015/2016 = 0,60 € + 0,20€ of exceptional dividend

Market evolution over 5 years

from july 31th, 2011 at € 30,77 to 31th July 2016 at 87,74 €

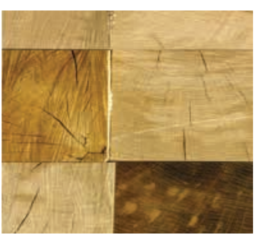






NOTEBOOK

Floatation on the second market of the Paris Stock Exchange in January 1999
Eurolist – B – code ISIN FR 0000071904
Euroclear : 7190
Reuters : TEFE.PA
Bloomberg : TFF.FP
PEA eligible



The allocation of capital at April 30th 2016

Public 29 %
FRANCOIS family 71 %

Calendar for our 2016/17 financial communication

2016

September	2016/17 1st Quarter Turnover
October 27th	General Assembly
December	2016/2017 2nd Quarter Turnover 1st Half Results

2017

March 1/15	2016/2017 3rd Quarter Turnover
June 1/15	2016/2017 3rd Quarter Turnover
October 15th to 30th	General Assembly

FINANCIAL

TFF GROUP

INFORMATION 2015 2016

Administration and management

Supervisory Board and management board

MONSIEUR JEAN FRANÇOIS
CHAIRMAN OF THE SUPERVISORY BOARD

MONSIEUR JÉRÔME FRANÇOIS
CHAIRMAN OF THE MANAGEMENT BOARD

MADAME NOËLLE FRANÇOIS
MEMBER OF THE MANAGEMENT BOARD

MADAME NATHALIE MÉO
SUPERVISORY BOARD MEMBER

MONSIEUR PATRICK FENAL
SUPERVISORY BOARD MEMBER

TFF
GROUP

SUMMARY

TFF
GROUP

MANAGEMENT BOARD REPORT
AS PRESENTED TO THE ANNUAL GENERAL MEETING ON OCTOBER 27TH, 2016

Ladies and gentlemen,

The General Assembly was convened to deliberate on the accounts for the year ended at April 30th, 2016, to affect any profit made over the period, to approve any agreements entered into or continued during the year, and to consider a number of other points described more fully below.

The assembly provides us with an opportunity to lay out the situation of the Company and of the Group (TFF Group) over the past year, its foreseeable development, its progress in the field of research and development, any major events between the year's end and the publication of this report, as well as the social and environmental consequences of its activities.

We would like to make clear that any figures provided will be subject to approval of the accounts as presented here.

I. CHANGES IN SHARE CAPITAL

The company's capital has not changed during the year ended on April 30th, 2016, and amounts to 8.672 million euros, divided into 5,420,000 shares of a value of 1.60 euros each.

In accordance with Article L 225-184 of the French Commercial Code, we inform you that there is no current plan relating to stock options or share purchases.

II. ACQUISITIONS OF THE YEAR - INVESTMENTS TRANSFERS

No acquisition nor disposal of any entity is to be reported over the course of the year.

III. CONSOLIDATED FINANCIAL PERFORMANCE AND STRUCTURE RATIOS

1 - The consolidated financial elements can be summarised as follows (IFRS norms):

Consolidated financial statements at April 30th (in € thousands)	30/04/16	30/04/15
Turnover	194 987	204 270
Current operating income	40 380	45 109
Operating profit after adjustment	41 039	45 908
Profit before tax	41 264	48 650
Net income	29 285	34 831
Group share result	28,928	34,216
Balance sheet accounts (in €)		
Group equity	273 018	253 222
Net bank debt	28,374	16,991
Credit / debt to equity	0,104	0,067
Net inventories	167 184	145 374

2 - Evolution of business and results - Progress made and remaining challenges

For the year 2015/2016, the consolidated turnover amounted to 194.99 million euros, down 4.5% on the previous year, and down 7.6% on a like-for-like basis.

On a comparable basis, sales grew by 4.3% in the wine business and fell by - 24.7% in the alcohol business.

The excellent performance of the wine business helped compensate for the anticipated slow down of the whisky market.

On the wine market, the cooperage and cask businesses saw solid growth in Europe, particularly in France and Spain where the harvest was excellent both quantitatively and qualitatively.

The US market was down for the second consecutive year, impacted by drought.

On the alcohol market, our Scottish cooperages were affected by a cyclical decline in the scotch market brought on by inventory adjustments and lower production.

Current operating income fell - 10.5% to € 40.4 million against € 45.1 million in 2015, reaching 20.7% of sales.

Profitability levels in the whisky division are back to normal while those of the wine businesses remain strong.

The financial result for the year was + 225K €, revealing a careful optimisation of both treasury and financial charges on debt.

Net profit came to € 29.3 million (15.0% of revenue), down 15.9%.

3 - Description of the principal risks and uncertainties faced by the company

Financial Risks and Market Risks

Market risk is the risk of adverse changes in the value of a financial instrument caused by changes in exchange rates, interest or share price levels. The Company is subject to market risk arising solely from variations in exchange and interest rates.

In addition, the Company considers that it is not vulnerable to liquidity risk.

The detailed report on the management of these risks is presented in the consolidated financial statements.

Legal risks

The Company is involved, through its subsidiaries or though contracts with third parties, in the manufacture and/or worldwide distribution of products drawn from the fields of cooperage, stave milling, cask making and wood products for oenology. In its activities, it is subject to a complex regulatory environment related to business fields and / or business locations. The risks it incurs are the usual ones for identical companies in similar fields and are related to: defective products, methods used to bring products to market and relationships with suppliers and / or distribution networks.

In the course of its activities, the Company may face litigation. With the exception of the premiums that apply, TFF Group believes it has the appropriate insurance policies to cover it against any material financial loss that might result from the application of its civil liability.

Insurance policies

At April 30th, 2016, TFF Group holds a « master » policy in France which covers any risks related to property damage and business interruption, civil liability, and maritime transport. Depending on the insurance risks, policies are also taken out locally and sometimes topped up by the « master » policy of TFF Group.

Liability insurance is underwritten to cover all risks arising from the normal production activities of all entities within TFF Group. In addition, an insurance policy related to responsibility in the manufacture of products protects the company from any subsequent complaints with regard to the use of any of its products.

The list of insurance policies taken out by the Group is provided in Note 2.3.3 of the report by the Chairman of the Supervisory Board on the internal control procedures implemented by the company.

4 - Information on the use of financial instruments

We refer you on this point to the consolidated financial statements.

IV. ACTIVITY OF THE PARENT COMPANY AND OF ITS SUBSIDIARIES AND AFFILIATES

1 - PARENT COMPANY

It is noted that the annual accounts for the year ended on April 30th, 2016, which are subject to shareholder approval, were prepared in accordance with the presentation rules and valuation methods provided for by the regulations in force.

The presentation rules and valuation methods are identical to those in force last year.

Sales excluding VAT amount to 32,191 K€ against 33,467 K€ last year.

The operating result shows a profit of 7,648 K€ against 8,333 K€ last year.

Net financial profit stands at 6,040 K€.

Profit from current operations amounts to 13,688 K€ against 13,163 K€ last year.

The extraordinary results is positive to the tune of 54 K€.

The net result showed a profit of 10 777 K€ against 9,867 K€ last year, taking into account a corporate tax of 2,716 K€ and an employee profit-sharing scheme of 248 K€.

In accordance with Articles « 223 quater »and « 223 quinquies » of the General Tax Code, we inform you that the accounts of the parent company for the financial year include non-deductible costs set out in Article 39.4 of the General Code Tax. These amount to 40,145 euros.

2 - SUBSIDIARIES AND AFFILIATES

• French subsidiaries

The cooperages located in the Bordeaux region have benefited from a large, good quality harvest. The decline in the US crop impacted the sales levels of those cooperages that are the most exposed to the american market.

French stave businesses maintained both their activity levels and their results.

The cask sector increased its level of activity and improved its results.

Sales of woodwork products for oenology continued to develop.

• Foreign subsidiaries

In the wine division, these were the main business developments:

- Business levels for american companies were down because of the poor 2015 harvest.
- The Australian and New Zealand subsidiaries generally improved their business levels and their results,
- The activity of the Spanish subsidiary continued to grow,

- The Chinese subsidiary maintained a moderate level of activity, in line with last year.

Scotish whisky cooperages adapted to lower demand with a drop in both results and turnover.

The products for oenology sector saw a slow down in the United States given the low harvest.

The activity of direct subsidiaries is summarized in the attached table.

V. SHAREHOLDERS

In order to meet the legal obligation to mention the identity of those holding more than one twentieth, one tenth, one fifth, one third or one half of the capital, we inform you that at April 30th, 2016, the distribution of capital and voting rights within the company was as follows:

Situation at April 30th 2016

	Number of shares	Number of voting rights	% of the capital	% of voting rights
SAS La Demignière (François family)	2.578.700	2.578.700	47.58%	47.58%
SARL Familiale François (François family)	1.010.210	1.010.210	18.64%	18.64%
Mr and Mrs Jean François	71.760	71.760	1.32%	1.32%
Mr Jérôme François	174 409	174 409	3.22%	3.22%
Others	1.584.921	1.584.921	29.24%	29.24%
Total	**5.420.000**	**5.420.000**	**100.00**	**100.00**

VI. POSITIONS HELD BY EACH OFFICER

You will find this information in the table annexed to this report.

It is specified that each member of the Supervisory Board must own at least two shares of the company in accordance with Article 15 of the statutes.

VII. STATEMENT OF INVESTMENTS IN SHARE CAPITAL BY EMPLOYEES ON THE LAST DAY OF THE YEAR

None.

VIII. ANNUAL REMUNERATION OF CORPORATE OFFICERS WITHIN THE COMPANY AND ITS SUBSIDIARIES (IN EUROS)

	Job Title	Salary before tax (including benefits drawn from the company or subsidiary(en €)	Beneifts	Attendance Fees (in €)	Total in euros	Total euros (N-1)
Jean François	President of the Supervisory Board	48.000		2.000	50.000	90.230
Jérôme François	President of the Management Board	808.249	Voiture		808.249	929661
Noëlle François	Member of the Management Board	Néant				
Nathalie Meo	Member of the Supervisory Board			2.000	2.000	2.000
Patrick Fenal	Member of the Supervisory Board			2.000	2.000	2.000
Total		**1.017.891**		**6.000**	**862.249**	**1.023.891**

With regard to this it is noted that:

- officers do not receive any remuneration that is variable in character, except in the case of specific or exceptional bonuses,
- there are no post-appointment commitments made by the company in favor of its corporate officers which would allow the payment of remuneration, compensation or benefits with regard to the assumption, termination or change in their functions,
- that with respect to the pension arrangements from which Jérôme François is likely to benefit, there are no override mechanisms that might apply to other employees of the company;
- there are no current plans for the allocation of stock options or bonus shares to company officers.

IX. INFORMATION ON ANY TRANSACTIONS CONDUCTED BY SENIOR OFFICERS OR THEIR RELATIVES OF THE SHARES OF A LISTED COMPANY

Annexed to this report is a summary of the transactions carried out by senior officers and their relatives over the course of the last year (AMF, General regulations, art. 222-15-3 new).

X. SOCIAL AND ENVIRONMENTAL CONSEQUENCES OF THE COMPANY'S ACTIVITY

In line with Article L.225-102-1 paragraph 4 of the Commercial Code, we provide the following information on the social and environmental impacts of our business.

A MESSAGE FROM
THE COMPANY'S PRESIDENT

After an exceptional year in 2014-2015, which combined a high level of activity, profits that were sharply up and a very favorable market valuation, TFF Group has its sights set on a new market. Our first step into the world of bourbon came with the inauguration a new cooperage in Ohio, Speyside Bourbon Cooperage, where production began in May 2016.

Our decision to build Speyside Bourbon Cooperage in the heart of Ohio, close to bourbon producers, was taken in line with our sustainable development policy which seeks to cut transport distances for both raw materials and finished products, thus allowing us to reduce road hazards, pollution and energy consumption, even as we decrease our transportation costs.

Ideally located between the forests of Pennsylvania and Virginia, with their vast supply of quality American oak, and the State of Kentucky, where 75% of Bourbon producers are located, the new cooperage is expected to supply nearly 110,000 barrels over the course 2016-2017. Furthermore the creation of Speyside Bourbon Cooperage, will bring new jobs to the town of Jackson, with the help and partnership of the state of Ohio.

Ergonomics and the safety concerns of each job were taken into account at every step of the creation of the workspace: its physical layout, the choice of machines, and the flow of traffic both internal and external. All the machines used are designed to meet and even to exceed, where possible, OSHA requirements (Occupational Safety and Health Administration). The inclusion of these requirements from the outset will facilitate the current and future implementation of the company's health and safety policy.

Beyond its economic performance, TFF Group has always undertaken to be responsible and to ensure that its stakeholders are able to share in its success. TFF Group has been convinced of the wisdom of this approach for years. Its commitment to it can be measured through its determination always to improve, as well as through its sustainable development policy and its many sponsorship activities. The success of TFF Group depends on the men and women who are committed to combining, in their day-to-day work, the technical know-how necessary to the development of innovative products and an understanding of the traditions and knowledge handed down through the generations as part of what is an ancient craft. From this combination is born a finished product whose very existence depends on the preservation of the forests from which its centenary oak is drawn. This exceptional link between the noble raw material that is oak and the men and women who have shaped it into barrels over the centuries, could find itself threatened by climate change. Which is why TFF Group is as committed as it is to the idea of sustainable development and to its pursuit over the coming years.

REPORTING METHODOLOGY

This year, the scope of our CSR reporting has expanded with the entry into the group of Speyside Bourbon Cooperage, which is our main development. The scope of the CSR reporting is the same as that used for accountancy purposes with the exception of a number of smaller sites and also sites where the participation rate is below 51% or where there are no employees. Any site sold or bought during the reference period will be subject to reporting according to the time spent within the company.

Our CSR reporting is performed over the Group's accounting year, running from the May 1st, 2015 to April 30th, 2016. This reporting is based on the GRI model 3. This is consistent with the recommendations of the AMF on the basis of diagnosis corresponding to ISO 26000. The data collection methodology was performed on all subsidiaries using the extra-financial reporting tool OPERA AMELKIS, and checked at both subsidiary and headquarter level, before being consolidated at TTF Group head office.

We have not excluded any indicators this year.

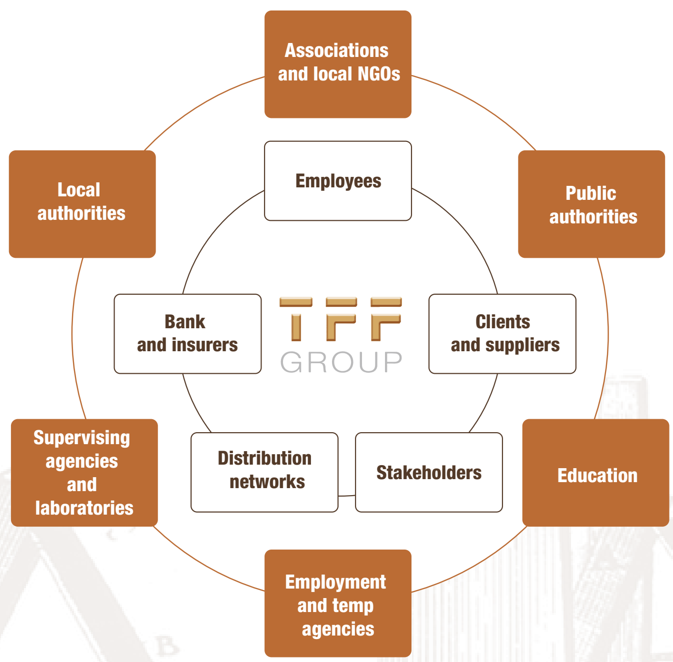
CSR reporting is overseen by the Group's Financial Director, and carried out by the person in charge of hygiene, health and safety at François Frères Management.

OUR VALUES

By pursuing its steady and diversified external growth policy, TFF Group has continued to grow around its core speciality, which is wood for the ageing of wines and spirits. It has also made sure that it remains as close as possible to its key stakeholders (employees, customers and suppliers) while actively collaborating in local development.

This strategic positioning allows our subsidiaries to pursue TFF Group's environmental commitment even while ensuring the quality and regularity of service to customers through proximity, and through the expertise and professionalism of our teams.

TFF Group stakeholders

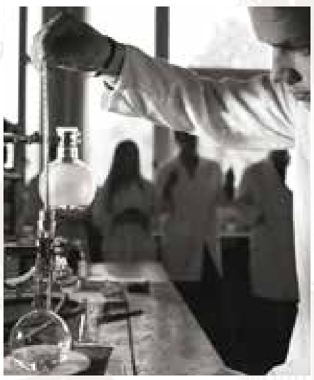


CUSTOMER SATISFACTION AND CONSUMER HEALTH AND SAFETY

RESEARCH AND DEVELOPMENT

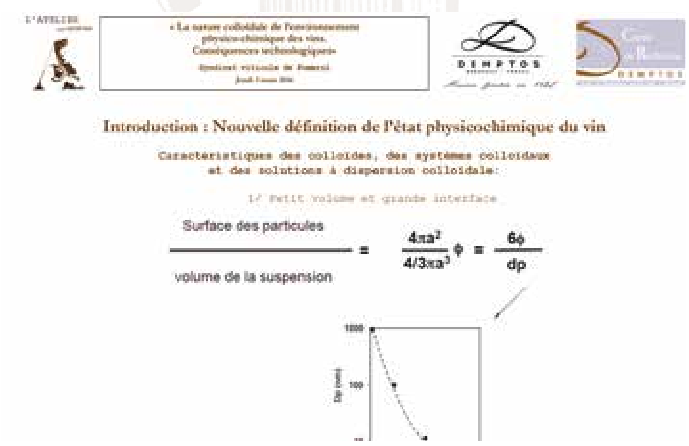
TFF Group strives always towards the improvement of both its products and its production equipment in order better to meet the expectations of its customers.

In the US, Stavin has created its own analytical laboratory, equipped with latest generation of tools (mass spectrometer, chromatograph) in order to analyse with ever greater precision the effects of its wood products on the wines of its customers.



In France, the Research and Development department of TFF Group, working with the technical and scientific teams at the Oenology Faculty of Bordeaux, conducts research, organises evaluation missions, and provides advice and oenological training in partnership with a number of different organisations.

The results of this work are regularly disseminated to our clients via a newsletter, or through video conferencing.



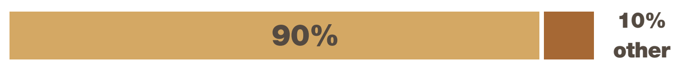
At TFF Group we also have the ability, internally, to design and develop our own production tools, which allows us to adapt them to our production constraints and to respond to the specific product requirements of our customers. These machines are made according to the needs of each subsidiary, allowing us to fine-tune their ergonomics during the creation and implementation phases, but also after their installation, where corrective actions need to be taken.

QUALITY AND TRACEABILITY

A strategy of vertical integration, implemented over the last decade by TFF Group, through the acquisition of So.Gi. Bois, TBM and Sciage Du Berry most recently, has ensured a consistent and regular supply of quality wood, with total traceability across the production process in France.

Abroad, the traceability and supply of barrels are ensured by the local sourcing of our raw material.

Our stave mills provide:



Oak wood consumed by the Group in France

80% of the oak purchased in France, comes from the National Forestry Office;

which represents 69.6% of the oak purchased by TFF Group.

PEFC 10-31-2863

47.63% of the oak purchased by TFF Group is PEFC certified.

Variation over 3 years	N-2	N-1	2015-2016
% of PEFC certified wood	50.96%	40.93%	47.63%

(EN12 GRI 3)

In France, 50% of our cooperages and 100% of our stave mills are PEFC certified

TFF Group favors the purchase of PEFC, wherever the stocks of its suppliers allow. PEFC certification confirms compliance with the rules and requirements that meet international standards (as according to the recommendations of Lisbon, SFM, FAO, MCPFE, IUCN, and ITTO). It also certifies compliance with national norms. *(HR 2 GRI3)*

This certification ensures sustainable forestry while respecting the biodiversity of the forest ecosystems, thus allowing TFF Group to limit the impact of its oak usage and avoiding the depletion of natural supplies of wood. TFF Group chose to engage in a PEFC certification process for its French subsidiaries over the long term, with view to strengthening its environmentally conscious approach. *(EN 12 GRI3)*

TFF Group is organised so that environmental issues are taken into account: eight out of twelve subsidiaries in France, and six production units out of eleven abroad have a person dedicated to HSE (AP John - Camlachie - Speyside Bourbon - Speyside Kentucky - Demptos USA - Isla)

Training to increase awareness of environmental issues is provided internally.

FOOD SAFETY

To ensure the safety of its customers and consumers, TFF Group implements manufacturing processes that avoid known allergens such as gluten, and uses accredited laboratories to carry out analysis on its barrels. This allows us to avoid any contamination of our barrels and to meet European and international standards of food safety.

No substance that is not in line with food safety measures is used in our products. *(PR 1 GRI3)*

VECT'OEUR LEC ETS Laboratoires oenoconseil Laboratoires Dubernet

All French subsidiaries follow the recommendations of the Good Practices Guide of the French Federation of Cooperages and 86% of our French barrels are produced following the HACCP approach.

75% of our French subsidiaries (excluding stave mills) have implemented the HACCP guidance

ISO 9001:2008

1/3 of French subsidiaries have set up a Quality management system

RESPONSIBLE GROWTH AND SOCIAL COMMITMENT

RESPONSIBLE GROWTH

TFF Group is directly dependent on the natural environment for the sourcing of its main resource, oak. The trees from which this wood is drawn must have grown slowly, with straight trunks and the least possible nodes. The trees are, on average, 120 to 150 years when they are ready for use at the cooperage and are drawn come from well-maintained and sustainably-managed forests.

They must moreover be free of any disease, parasites or pollutants. In our business, preserving the environment in general and the forests in particular must always be our primary objective.

TFF Group strives to create products (barrels, casks, chips and staves) that are adapted to both the market and customers needs. They will contribute to both the aromas of wines and spirits and to their ageing process. They need to be entirely free of harmful products in order that the end consumer is protected. It is therefore crucial for TFF Group to ensure that any potential sources of contamination during the production process are eliminated.

Although the processes used by TFF Group, which are those of a traditional and ancient craft, involve virtually no pollutants,TFF Group nonetheless continuously looks to improve its products while reducing its environmental impact, through the optimisation of its logistics, its energy consumption and the use of its raw materials.

TFF Group's activities and its sites are not, to our knowledge, in competition with any local populations for land or in any way harmful to local biodiversity. *(EN 12 GRI 3)*

RESOURCES

Purchases and wood consumption are determined by our needs and according to order forecasts. After an increase last year, we have noted a slight decline this year. *(EN 1 GRI3)*

	N-2	N-1	2015-2016
wood consumption total (M³)	55 175	57 713	57 244
wood purchase total (M³)	**57 234**	**62 501**	**58 844**

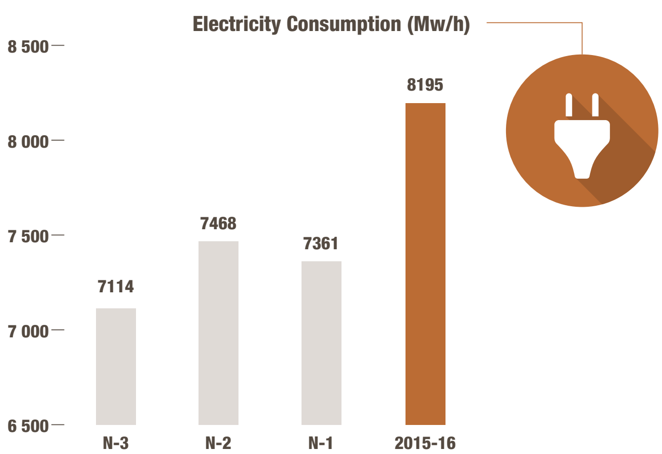
Note: the figures for our wood purchases and consumption tend to be overestimated because they include our purchases and consumption of logs and staves from within the group.

In order to limit its impact on the environment, TFF Group recycles used barrels, giving them a second life, through the Scottish whisky industry. This year the number of recycled barrels fell because of a decline in demand for whisky barrels. *(EN 2 GRI3)*

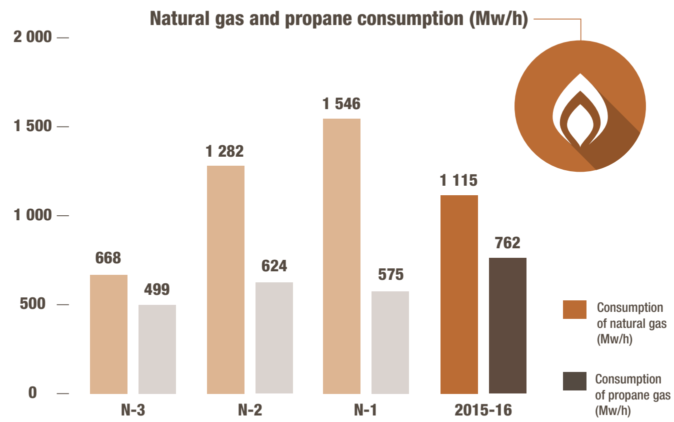
Number of barrels recycled for 1 new barrel produced

ENERGY

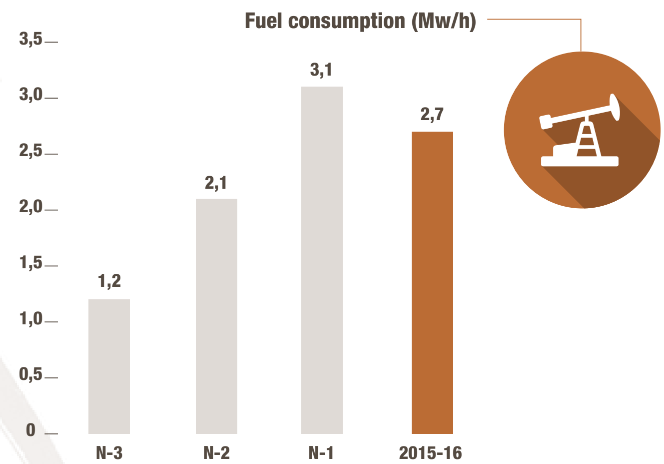
TFF Group's overall energy consumption rose 21,62% over the course of the last four years, with all forms of energy up, albeit in different proportions. TFF Group's biggest energy source is electricity, followed by natural and propane gas. Oil consumption is marginal.



(EN 4 GRI3)



(EN 3 GRI3)



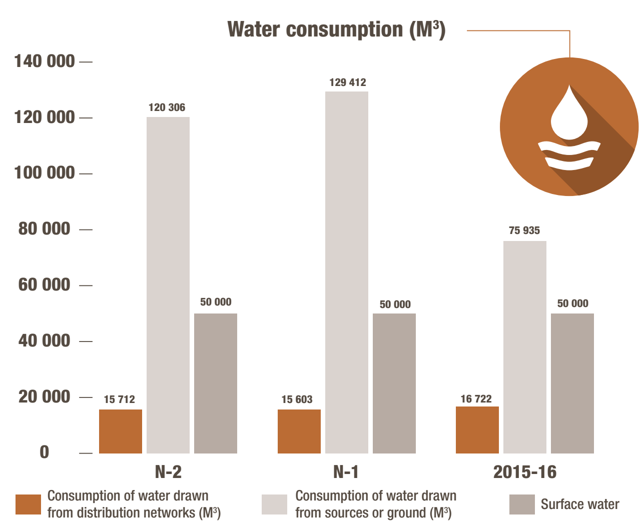
(EN 3 GRI3)

TFF Group has set up, over the years, a number of different measures to improve energy efficiency, measures that are still in force today. This year, no new investments were made in this area. *(EN GRI3 5)*

Initiatives to reduce energy consumption

François Frères Management has upgraded its heating / cooling system, in favour of a more efficient system that reduces energy consumption. *(EN 7 GRI3)*

WATER MANAGEMENT



Consolidated data on the calendar year (EN 8 GRI3)

TFF Group's water supply comes mainly from groundwater (53.23%), but is also drawn from surface water (35.05%), with 11.72% drawn from the distribution network. *(EN 9 GRI3)*

TFF Group recycles 450,000 M^3 of water per year, or 3.15 times more water than it consumes. This water is used and re-used for dampening the wood and is drawn from a pool of collected rainwater. This process greatly reduces the impact of TFF Group's water usage. *(EN10 GRI3)*

450 000 M^3 of water recycled this year

ENVIRONMENTAL MANAGEMENT

NOISE

Soundproofing measures have been implemented in the relevant subsidiaries in order to avoid noise pollution for local residents.

WASTE MANAGEMENT AND OUR CARBON FOOTPRINT

Each subsidiary of TFF Group strives to optimise its consumption of oak, minimizing waste throughout the production process for both economic and environmental reasons. To limit the impact of this waste, most subsidiaries recycle chips and any wood waste to fuel the fires used for heating barrels. Certain subsidiaries also use them for the heating of their site. Anything that is not used is either sold as firewood, or granulated or compressed wood. What little is left over is considered waste and disposed of, although this represents a very small amount.

This year, after thorough verification, our levels of hazardous waste production were revised downwards as a result of a previous misinterpretation of their definition.

	N-2	N-1	2015-16
hazardous waste production	35	44	3
non-hazardous waste production	8 041	8 389	8 722

(EN 22 GRI3)

TFF Group recycles this much of its waste:

TFF Group subsidiaries are not users of CFCs in their production process. The only consumption of CFCs, are the result of refrigerator usage for the storing of food, and of air conditioning systems in some subsidiaries (in very small quantities). *(EN 19 GRI3)*

TFF Group's carbon emissions follow the evolution of production levels and were slightly lower this year. These emissions come mainly from the transport of both raw materials and finished products. The carbon footprint of TFF Group is relatively low, because subsidiaries tend to be located close to their customers. This carbon footprint concerns only the cooperages within TFF Group. *(EN 16 GRI3)*

	N-2	N-1	2015-2016
Carbon usage in tons equivalent to CO2	16 863	17 534	15 939

TFF Group, aware of the risks associated with climate change, seeks to diversify its activities in order to limit its impact. For now its sites are not directly concerned. *(EC 2 GRI3)*

TFF Group's activity does not make it a major contributor to greenhouse gas emissions. Travel and logistics are the only areas that are relevant in this respect and TFF Group strives keep this to a minimum by streamlining the transport of its goods and by planning ahead for the travel of its staff. *(EN30 GRI3)*

All the Group's French subsidiaries are insured to cover any environmental risks.

SOCIAL DATA

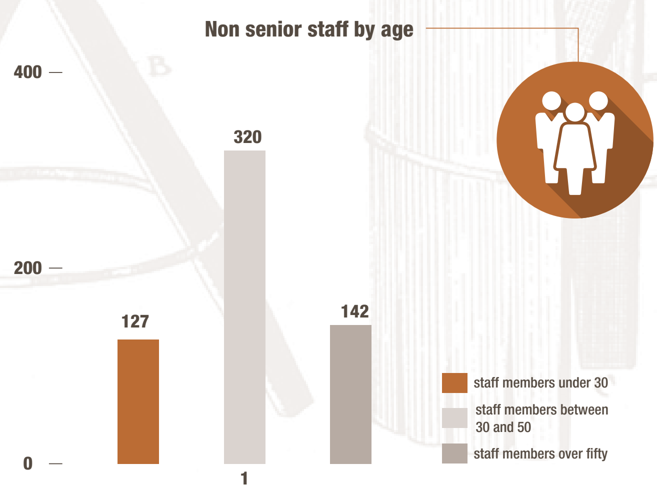
Workforce by area:

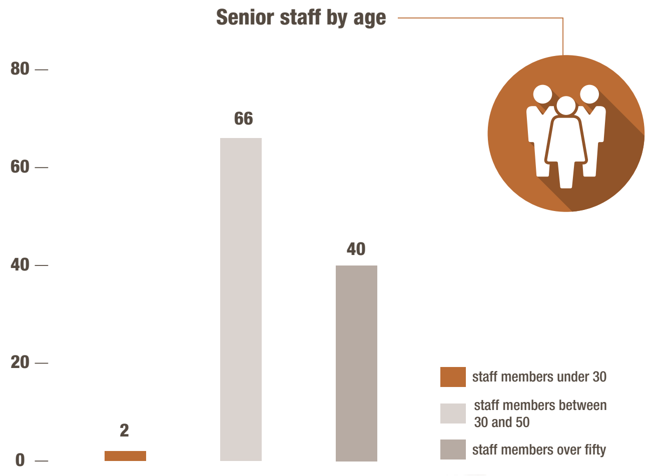
The number of staff at TFF Group rose by 40 this year, mainly due to the hiring of 31 people in the new subsidiary that was created in the United States. The workforce in Europe fell by 8, due to a reduction of staff in Scotland. *(LA1 GRI3)*

Zones	N-2	N-1	2015-16
Europe	494	511	503
United States	115	106	154
Australia	31	31	31
New Zealand	1	1	1
China	5	6	6
South Africa	1	2	2
Total	**647**	**657**	**697**

Staff according to age:

The staff of TFF Group is mainly composed of people aged 30 to 50 years, with staff members under thirty and over fifty distributed fairly evenly. Only senior staff has a high deficit of people under thirty. *(LA1 GRI3)*





Staff turnover (LA2 GRI3)

	N-2	N-1	2015-2016
Turn Over	19.47 %	11.91 %	19.03 %

The group's staff turnover is low in France (8.71%), as compared with the average turnover of French companies, which stood at 16.8% in Q1 of 2015 (source « Dares Indicators » No. 054 - July 2015).

In foreign subsidiaries, the rate is higher (33.09%), mainly in Spain and the United States. The overall rate for TFF Group stood at 19.03% this year, partly due to hiring in the US for the new Speyside Bourbon Cooperage.

Gender (LA13 GRI3)

Female staff levels at TFF Group have remained almost constant over the last three years.

Women represent 16.2% of TFF Group's overall workforce, and 24.3% of managerial staff. Half of all Board members and a third of TFF Group's Supervisory Board are women.

TFF Group's French subsidiaries are covered by an industry-wide agreement concerning professional and wage equality between men and women, which was signed July 5th, 2011. Three subsidiaries with more than 50 employees concluded professional gender equality agreements in 2014, in line with local legislation. Foreign subsidiaries in the United States and China have a parity clause in their employment contracts, in accordance with the regulations that apply. The women's training rate was 59% this year, with an average of 22 hours of training per employee trained.

Integration of people with disabilities

TFF Group employs 23 people with disabilities worldwide and 16 people in France, or 4.22% of French staff. French regulations suggest that staff with disabilities should represent 6% of overall staff levels in companies with more than 20 employees. We are therefore missing 7 people in order to meet this obligation. To remedy this shortcoming, TFF Group uses ESATs or the equivalent to perform certain outsourced tasks. *(LA13 GRI3)*

Measures to accessibility

There were no new measures taken to improve accessibility for disabled people this year. Nevertheless Speyside Bourbon, which has only just been created, meets the requirements of the ADA (Americans with Disabilities Act).

Discrimination at work

We had no incidents of discrimination reported within TFF Group. *(HR4 GRI3)*

HEALTH AND SAFETY POLICY

TFF Group's security and health policy is based on improving working conditions though the improvement of workstations and machines, in particularly ergonomically and with a view to reducing strain. This common policy is managed by each subsidiary with the participation of employees, staff representatives and the Committees for Health, Safety and Working Conditions.

Some examples of recent changes:

- The establishment of a central suction system for wood dust in the workshop at Berger Cooperage
- Demptos Cooperage has been entirely renovated in order to reorganise the flow of both people and goods. The reorganisation streamlines the flow and avoids redundant handling and movement, both of which are sources of musculoskeletal disorders and accidents (collisions, falling objects during the transport of goods). Demptos Cooperage has also invested in a dowel bar inserter for large containers which is provides greater ergonomy. It also strengthened the use of personal protective equipment to improve protection in the heating room.
- Radoux France invested in a machine to handle barrels, thus reducing the risk of musculoskeletal disorders for operators.
- Speyside Bourbon Cooperage trained its staff in first aid, fire evacuation and machinery procedures. All these steps came as part of an emergency action plan put in place by management.

- François Frères Cooperage carried out work on the flooring of its workshop in order to level it out. It also replaced a doorless forklift with a forklift with an enclosed and heated operating cabin and replaced a lift table with a bigger model in order to reduce the load tipping risk.
- Brive Tonneliers invested in a dowel bar to avoid repetitive movements and in a 4-sided machine that is better insulated acoustically.

Accidents, occupational diseases and absenteeism (LA7 GRI3)

The absenteeism rate has been steadily declining over the past three years, largely due to a decrease in the severity of accidents, which also means a decrease in the number of days off.

Absenteeism fell in France, but increased in foreign subsidiaries over the last three years. The rate appears to stand, fairly consistently within the Group, at around an average of 4.5%.

The number of work accidents increased slightly this year, with 57 accidents leading to work stoppage against 56 last year, although the incidence rate remains well below the industrial average. The severity rate of accidents has been steadily declining for three years.

	Year N-1	Group rate 2014-2015	Group rate 2015-2016
absenteeism rate	5.92 %	4.84 %	4.59 %
frequency rate*	68,32	43,24	45,93
severity rate	2,82	1,59	1,32

** Frequency rate of the cooperage industry: 58.8 in 2013*

TFF Group has four cases occupational illness to report for the 2015-2016 fiscal year. These illnesses are all classified as musculoskeletal disorders, the most common source of occupational ailments in our industry. This is why TFF Group regularly invests in improving the ergonomics of its most stressful work stations. With each renewal of equipment, we take into account all the necessary ergonomic considerations, whether for machines created by our design service or for those purchased from specialist cooperage equipment professionals.

MAINTENANCE AND DEVELOPMENT OF SKILLS / KNOWLEDGE

TFF Group's policy with regard to training is based on the maintenance and development of individual skills, with a view to retaining our highly qualified staff and to guaranteeing customers a consistently high quality in the products delivered.

Budgets and training hours are managed within each subsidiary of the group based on the needs related to their particular activity.

Total number of training hours (LA10 GRI3)

TFF Group employees received 13,169 hours of training this year.

	N-2	N-1	2015-2016
Hours of training	13 221	10 214	13 169

Skills development (LA11 GRI3)

New skills are acquired within TFF Group either through on-the-job training, or through the development of skills and expertise internally, for coopers who already have their qualifications. Additional training is provided, upon request, for employees throughout their careers.

Percentage of employees trained:

49% of TFF Group's workforce was trained for an average of 38 hours. The average length of training in France was of 18 hours per employee trained, and 57 hours for foreign subsidiaries. This disparity is partly explained by the fact that internal training is counted more efficiently in foreign subsidiaries than it is in France, where recorded hours tend to be only those training hours carried out by external agencies.

44% of employees in France and 56% of foreign countries employees were trained during the year.

SPIRIT OF PARTNERSHIP AND DIALOGUE

TFF Group encourages recruitment through permanent contract in all its subsidiaries. The use of fixed-term contracts and temporary contracts is limited. This ensures that we retain employees, preserve traditional know-how, and maintain the high standards of quality that are essential to the success of TFF Group.

Employees by type of contract:

Type of contrat	N-2	N-1	2015-2016
Staff position	96.6%	97.4%	97.1%
short term contract	3.4%	2.6%	2.9%

Evolution of the number of temps and trainees:

Types of contrat	N-2	N-1	2015-2016
Temp worker	52	38	39
Trainee	20	17	15

In the organization of working time, TFF Group favors day-time working. Two of our subsidiaries use a shift system of 2 or 3 x 8. Adjustments in working hours based on family or personal reasons can be made where possible and depend on negotiations within the Group's various entities.

TFF Group's remuneration policy is organized within each subsidiary, according to the regulations in force in each country. TFF Group complies with or exceeds the legal minimum wage, and practices regular wage indexation within each subsidiary in order to properly reward the work and effort of employees. *(EC1 and EC5 GRI3)*

The organization of the social dialogue between representatives of the personnel and the management is undertaken at a local level, within each subsidiary, and in compliance with the laws in force.

Regarding freedom of association and collective bargaining rights, TFF Group has no incident over the reference period. *(HR5 GRI3)*

Collective agreements

In France four « intergenerational plans » and one « hardship at work » plans have been elaborated. A profit-sharing agreement and a plan to annualize working time were also signed this year. No agreement was signed in foreign subsidiaries. *(LA4 and LA9 GRI3)*

The group's coverage, in terms of employee representation by staff representatives is 51%, and 79% of employees in France. *(LA6 GRI3)*

In France, 61% of employees are covered by a CHST (N-1 46% 49% N-2), and abroad, six out of fifteen subsidiaries have staff who belong to a body that represents health and security. *(LA9 GRI3)*

In France, TFF Group is up to date with the identification of the work stations that are considered particularly stressful, and official declarations were made after consultation with the representative bodies. For now the foreign subsidiaries are not affected by this legislation.

DIALOGUE WITH STAKEHOLDERS

By ensuring the full integration of its supply chain, TFF Group avoids creating a dependency vis-à-vis its suppliers. *(EC GRI3 6)*

TFF Group practices a long-term investment policy and ensures that its purchases, mainly of oak (of which 47.63% is PEFC certified), are drawn from identified and secured chains primarily within three countries: France, US and Hungary.

Five French subsidiaries are currently PEFC certified, with one currently seeking the renewal of its certification. A certification that contains a clause on respect for human rights. All subsidiaries of TFF Group respect the rules set out by the International Labour Organisation.

TFF Group invests in local life by getting involved in actions linked to heritage, culture, and the preservation of wine regions and the skills associated with them. The Group does this either through sponsorship, the specific involvement of its personnel , the lending of products or tools for events, or through apprenticeship training. *(SO 5 GRI3)*

In the spirit of sustainability and the protection of expertise, TFF Group seeks always to keep staff in place during takeovers and to focused on local recruitment. Discussions with stakeholders are thus simplified, allowing a better integration and closer collaboration within the community. *(SO 1 GRI3)*

TFF Group found no major risk of corruption at any of its sites, either internally or in its relations with third parties. The monthly and annual reporting of subsidiaries as well as accounting, financial and CSR measures represent essential preventive measures. However the management of TFF Group remains very attentive to these questions, and makes regular visits to the various subsidiaries to ensure that the values of TFF Group are respected. *(SO 3 GRI3)*

TFF Group meets the regulations of the various countries in which its subsidiaries are located, but also the regulations of the International Labour Organisation. Child labour is not allowed within TFF Group, except within the strict framework of apprenticeships and based on the legal age applicable in each country. *(HR 6 GRI3)*

Enhanced procedures were put in place within American subsidiaries to ensure that no illegal alien is employed, thus eliminating any risk of forced labor. In France as in foreign subsidiaries, recruitment procedures and the low turnover of personnel allow us to check the status of employees very quickly. *(HR 7 GRI3)*

No incidents related to violations of the rights of indigenous people were reported within TFF Group. *(HR 9 GRI3)*

OUR PARTNERSHIPS

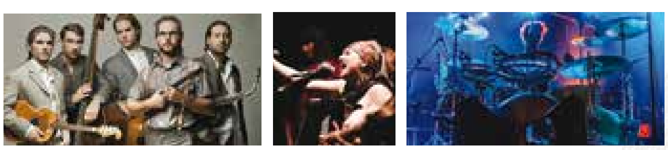
CULTURE

For the fourth consecutive year TFF Group participated in the construction of « La Cité du Vin ». Its inauguration took place on May 31st, 2016, in the presence of the French President, François Hollande.

The permanent exhibition at the heart of « La Cité du Vin » looks at wine and its influence on the civilizations and regions of the world over the millennia, through history, geography, geology, oenology and the arts. A « belvedere » located 35 meters above ground affords panoramic views of the city of Bordeaux, while tasting wines from all over the world. The « Cité du vin » will also host two major art exhibitions on 2017.

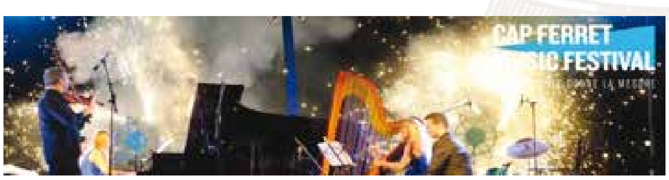
François Frères Cooperage subsidised the 19th edition of the «Musicaves de Givry» music festival, a meeting between music and wine tasting in the heart of the wine village of Givry. The festival welcomes 6,000 people over a period of 5 days, and offers about a dozen concerts ranging from classical music, to jazz, rock, and ethnic.

LESMUSICAVES



Radoux Cooperage also subsidises two local musical events:

Born in 2010, the Cap Ferret Music Festival has become in 5 years one of Aquitaine's great events. Celebrating classical but also jazz music, it now hosts more than 10 000 spectators each year at the start of the summer season with 17 concerts in one of the most beautiful natural sites of the Peninsula.



Since its creation in 1994, the Cognac Blues Passion Festival takes place in the heart of Cognac's public garden, a protected site since 1943. The park offers festival-goers a friendly environment where they can enjoy concerts but also stroll throug its wooded paths. This festival is environmentally responsible, with returnable glasses instead of plastic cups (eco-cup), waste recycling, ecological public toilets, and event the flyers printed on ecological paper in a printing house labeled «Imprim'vert».

SPORTS

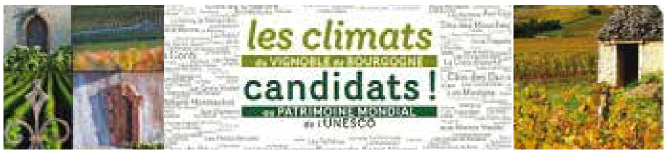
Demptos cooperage supports the Tennis & Hockey Club Villa Primrose in Bordeaux, a centenary club formerly known as the SAVP, Athletic Society of Villa Primrose.

This club was founded in 1897 under the leadership of President Edward Lawton, with players like Llodra, Gasquet, Gicquel, Serra, Chardy, Santoro and Clement, playing on its courts, to name a few.

Speyside Broxburn sponsors the famous Highland Games in Scotland. With their tests of strength (tree trunk launching, tug of war, and hammer throwing), Scottish dancing competitions, and bagpipe contests and parades, the Highland Games attract each year 3,500 participants and 15 to 20 000 spectators.

THE ENVIRONMENT

François Frères Cooperage has continued to support the promotion of the Climates of Burgundy. Now classified as a UNESCO World Heritage site, the vineyards are celebrated as « the combined works of man and nature, [...] with an outstanding universal value from historical, aesthetic, ethnological or anthropological standpoints. *«Article 1, paragraph 3 of the World Heritage Convention».*



This classification creates a number of new obligations, including the creation of four committees whose members will establish and monitor action plans that aim to preserve the area in accordance with the following principles:

- The mastery of urban development, the preservation of both urban and architectural heritage, and the conservation of the broad landscapes
- Regulatory protection, agricultural and viticultural practices, runoff, erosion, and landscape management
- Raising public awareness, cultural activities, knowledge-sharing, the accommodate of tourists, professional skills and training, and equipment and facilities
- The mastery of economic development planning, the needs in equipment for local populations and the preservation of the local way of life

Demptos South Africa has recently demonstrated its commitment to conservation by the sponsoring of a camera for Lourensford Estate, a winery committed to an environmental endeavour since 2009: the tracking of the movements of leopards through motion detection cameras.

Lourensford was one of the first wineries to be granted the prestigious status of Biodiversity and Wine Champion. The winery is committed to dedicating at least 10% of its area to the conservation of fauna and flora, through the implementation of management practices that are environmentally friendly.

The camera will be used to complement an existing network of motion detection cameras that monitor the movement of wildlife, especially leopards, that still roam free around the Lourensford Estate and the surrounding mountains.

The first photo of a leopard taken with the new night vision camera.

Elsa van der Merwe and Patrick Giot (Accounts Executive & Market Manager Demptos SA) pose with the new camera, along with Hannes Nel and Koos Jordaan (CEO & Cellar master at Lourensford).

XI. RESEARCH AND DEVELOPMENT-COMMITMENTS OF THE COMPANY FOR THE CIRCULAR ECONOMY

These topics are developed in Part X dedicated to CSR.

XII. SIGNIFICANT EVENTS SINCE THE END OF THE YEAR

TFF Group completed two acquisitions since the end of the year:

- The acquisition of SAS LEJEUNE on May 9th, 2016, a French manufacturer specialised in the design and manufacture of stainless steel vats.
- The signing of a protocol of acquisition for SAS IDELOT FATHER AND SON on July 4th, 2016, a company specialised in logging. The operation is set to be completed before the end of September 2016.

XIII. INFORMATION ON PAYMENT DEADLINES

In line with articles L. 441-6-1 and D. 441-4 of the French Commercial Code, the breakdown by maturity of amounts owed to our company at April 30th, 2016 and April 30th, 2015, is provided below. In their report on the annual accounts established at the close of the year ended April 30th, 2016, the auditors expressed their views on the fairness and consistency of this information.

En Euros	30 april 2016	30 april 2014
Missed deadlines	183.788 euros	201.979 euros
Deadlines under 30 days	1.988.453 euros	1.626.359 euros
Deadlines between 30 and 60 days	1.284.997 euros	1.955.425 euros
Deadlines above 30 days	5.724 euros	5.302 euros
Total	**3.462.962 euros**	**3.789.065 euros**

XIV. MENTION OF ANY AGREEMENTS REFERRED TO IN ARTICLE L. 225-102-1 LAST PARAGRAPH OF THE COMMERCIAL CODE

The management report must now mention, except in the case of agreements relating to current operations and concluded under normal conditions, any agreements concluded directly or through an intermediary, between:

- On one hand, any member of the management or supervisory board or any shareholder with voting rights of more than 10%, of TFF Group,
- And on the other, a subsidiary of which TFF Group owns, directly or indirectly, more than half the capital.

We can report here that no agreement of such a nature has been concluded, apart from agreements relating to current operations and concluded under normal conditions.

XV. COMBINED GENERAL MEETING OF 27 OCTOBER 2016

1 - PRESENTATION OF RESOLUTIONS IN THEIR ORDINARY FORM

- The first resolution is to submit for your approval the financial statements at April 30th 2016 and to discharge from their duties the members of the management and supervisory boards for the said financial year.
- Under the second resolution, the General Assembly will be asked to consider the payment on November 8th, 2016 of a dividend of € 0.80 per share.

When paid to individuals domiciled in France for tax purposes, the dividend will be paid after application at the source, on its gross amount, of social contributions at the overall rate of 15.5% and, in most cases, of a mandatory standard deduction of 21% charged as a deposit on income tax. Given that this does not constitute a flat rate levy, the gross dividend is, after application of the 40% discount provided for in Article 158, 3-2° of the General Tax Code, subject to income tax on a progressive scale.

Thus, the profit of the parent company, or € 10,777,310 would be allocated as follows:

-The distribution of a dividend of up to	4.336 million euros
- And the balance to the account «Other reserves » of	6,441,310 euros
Which is equal to the overall profit to be allocated:	**10,777,310 euros**

A reminder of the dividends distributed over the last three years:

Exercices	2012/2013	2013/2014	2014/2015
Number of shares	5 420 000	5 420 000	5 420 000
Net dividends (euros)	0,60	0,60	0,80
Dividends eligible for the discount	0,60	0,60	0,80

- The third resolution concerns the approval by the special report of the statutory auditors on regulated agreements entered into during the year ended on April 30th, 2016. With regard to this, the following details are provided:

1)The auditor's special report, contained in the Company's annual report, mentions agreements previously approved by the general meeting years and which continued this year .

These conventions are now reviewed annually by the supervisory board and submitted to the auditor in accordance with the legal provisions in force (Article L.225-88-1 of the Commercial Code). The Supervisory Board conducted this annual review during its meeting on July 19th, 2016.

With respect to these agreements, which consist primarily of leases, the financial terms are likely to change over time according to the usual indexing in such matters.

2) Of new agreements entered into during the year and authorised by the Supervisory Board, the only agreements that are to be submitted to the vote of the meeting are:

No agreements of this nature are to be reported this year.

- The fourth resolution aims to submit for your approval the consolidated financial statements at April 30th, 2016, which are outlined above.
- Under the 5th resolution, the Assembly will decide on the reappointment of a member of the Supervisory Board whose tenure is expiring. We propose the renewal for a period of 6 (six) years, of the tenure of Patrick Fenal, who is a member of the outgoing supervisory board. This tenure will expire at the meeting held to approve the accounts for the year ending in 2022,
- Under the 6th resolution, you will be asked to decide on the allocation of attendance fees to the Supervisory Board. The total amount would amount to 6,000 euros, an amount equivalent to that approved for the previous year.
- Under the 7th resolution, you will be asked to vote on giving the Management Board authorization to implement a stock repurchase program in accordance with Article L. 225-209 of the Commercial Code: in order to allow our Company to improve the financial management of its own funds, we are proposing, in line with Article L. 225-209 of the Commercial Code, to authorize the Management Board to acquire a number of shares representing up to 10% of the number of the shares that make up the capital of the Company.
- The eighth resolution is intended to grant the powers to carry out all legal formalities in relation to the ordinary resolutions.

2 - PRESENTATION OF RESOLUTIONS IN THEIR EXTRAORDINARY FORM

Implementation of new authorities:

The Management Board will be asking the meeting, once it has heard the special reports of the auditors, to use the legal framework of overall delegation, to agree the following:

- Authorisation for the Management Board to reduce the share capital by cancellation of the shares held by the company (ninth resolution)

  We suggest that authorisation be given to the executive board to cancel all or part of the acquired shares, within the limit of 10% of the capital, for a maximum period of eighteen months.

- Authorisation for the management board in order to carry out a capital increase reserved for employees of the company (10th resolution)

  Pursuant to the provisions of Article L. 225-129-6 of the commercial code, and as part of the regular consultation of shareholders, the extraordinary general meeting will be asked, as a result of the fact that the shares held by company staff represent only 3% of the share capital, to give their view on a plan to carry out a capital increase that would be reserved for employees, in accordance with Articles L. 3332-18 and according to the labour code.

The principal terms of this increase would be:

- An increase of the capital by a maximum of 260,160 euros, payable either in cash or through liquid, exchangeable financial claims on the company. The decision would result in the automatic waiver for associates of their preemptive subscription rights, leaving those rights instead to employees who belong to a savings plan established either directly by the company or by companies that are related to it, according to article L. 233-16 of the Commercial Code,
- The management board would by handed the necessary powers to:
  - Carry out the capital increase, at its sole discretion, in one or several goes within a maximum period of five years from the approval of the resolution by the shareholders. This for the benefit of the employees who adhere to the savings plan either of the company or of companies related to it according to article L. 233-16 of the Commercial code, and that have established such plans in line with articles L.3322-1 and following of the labour code,
  - determine the amount of each issue within the overall limit of 260,160 euros,
  - determine the conditions of eligibility for the new shares thus issued and how they might be distributed to employees according to seniority, and to determine the list of beneficiaries and the number of shares that may be allocated to each of them within the limit of the capital increase,

- determine the subscription price of new shares, under the conditions defined in L.3332-20 and according of the labour code,
- set the opening and closing dates for subscriptions, and decide whether subscriptions to new shares must be made directly or through a mutual fund that would collect employee subscriptions,
- set the deadline for employees who wish to subscribe for the payment of their subscription within the limit of a three year period from the point of subscription, as set out in Article L. 225-138-1 of the Commercial Code, it being recalled that, in accordance with the article, the shares may be paid, at the request of the Company or of the subscriber, by installments or through equal and regular deductions from the salary of the subscriber,
- collect the amounts corresponding to the payment of subscriptions, either in cash or through claims and if necessary, stop the credit on current accounts held in the books of the company on behalf of subscribers thus compensating for the shares that were subscribed to,
- record the completion of the capital increase, and if necessary, offset all costs against the premiums paid upon issuance of the shares and deduct from this amount the sums necessary to raise, after each increase, the legal reserve to one tenth of the new capital,
- perform all legal formalities, amend any rules correspondingly, in short, take all measures necessary for the implementation of the capital increase, and generally do whatever is necessary, under the conditions specified above and according to the legislation and regulations in force,

• The shares issued would be created with full rights from the date of subscription and would, from the date of the completion of the capital increase, be assimilated to existing shares and subject to all statutory provisions and to any decisions of the shareholders.

You will be hearing the report of the auditors established under the provisions of article L. 225-129-6 of the commercial code.

However, the management board wishes to make clear that the proposal is presented to the shareholders only in order to to comply with the law, and that the board suggests that the general assembly rule against the idea.

• Finally, the eleventh resolution is to grant the authority to carry out all legal formalities related to the extraordinary resolutions.

XVI. INFORMATION ON ELEMENTS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING (ART. L. 225-100-3 OF THE COMMERCIAL CODE)

Nothing to report.

XVII. OUTLOOK

TFF Group expects a relatively stable year in 2016/2017 in terms of business, with consistently high operating margins and the integration of both our bourbon barrel cooperage in Ohio and the two acquisitions completed in the first half of the 2016/2017 financial year:

- SAS Lejeune and
- SAS Idelot Father and Son.

The Management Board

NOTES TO THE MANAGEMENT REPORT
POSITIONS OF CORPORATE OFFICERS

JEAN FRANCOIS

COMPANY NAME	TYPE OF COMPANY	POSITION HELD
TONNELLERIE FRANCOIS FRERES	SA	President of the Advisory Board
AP JOHN (Australie)	LTD	Administrator
FRANCOIS FRERES INC (USA)	LTD	Administrator
STAVIN (USA)	LTD	« Director »

JEROME FRANCOIS

COMPANY NAME	TYPE OF COMPANY	POSITION HELD
TONNELLERIE FRANCOIS FRERES	SA	President of the Management Board
AP JOHN (Australie)	LTD	Administrator
CLASSIC OAK AUSTRALIA (Australie)	LTD	Administrator
CLASSIK OAK NEW ZEALAND (Nouvelle Zélande)	LTD	Administrator
SOGIBOIS	SASU	Président
TRUST INTERNATIONAL CORPORATION (USA)	LTD	« Chairman »
DEMPTOS NAPA COOPERAGE (USA)	LTD	President
TONNELLERIE LAGREZE	SARL	Manager
TONNELERIA DEMPTOS ESPANA	SA	Administrator
LA GAILLARDE	SCI	Manager
FAMILIALE FRANCOIS	SARL	Manager
DEMPTOS SOUTH AFRICA	LTD	« Chairman »
DEMPTOS LIMITED	LTD	« Director »
SPEYSIDE COOPERAGE	LTD	« Director »
ISLA COOPERAGE	LTD	« Director »
LA DEMIGNIERE	SAS	Président
FRANCOIS FRERES MANAGEMENT	SARL	Manager
STAVIN (USA)	LTD	« Director »
TONNELLERIE FRANCOIS FRERES LTD	LTD	« Director »
SPEYSIDE KENTUCKY	LTD	« Director »
TONNELLERIE RADOUX USA INC.	LTD	« Director »
RADOUX AUSTRALASIA	LTD	« Director »
ALCAJE	SAS	President
TONNELLERIE BOUYOUD	SARL	Manager
SPEYSIDE BOURBON COOPERAGE	LTD	Director
FRANCOIS FRERES USA INC	LTD	Administrator

NOELLE FRANCOIS

COMPANY NAME	TYPE OF COMPANY	POSITION HELD
TONNELLERIE FRANCOIS FRERES	SA	Member of the Management Board

NATHALIE MEO

COMPANY NAME	TYPE OF COMPANY	POSITION HELD
TONNELLERIE FRANCOIS FRERES	SA	Member of the Advisory Board
FESTIVE FRANCE EVENEMENTS DE BOURGOGNE	SARL	Manager

PATRICK FENAL

COMPANY NAME	TYPE OF COMPANY	POSITION HELD
TONNELLERIE FRANCOIS FRERES	SA	Member of the Advisory Board
UNIGESTION ASSET MANAGEMENT	SA	Administrator
UNIGESTION ASSET MANAGEMENT LTD	SA	Administrator

DELEGATION OF JURISDICTION AND POWERS GRANTED BY THE GENERAL MEETING OF SHAREHOLDERS TO THE EXECUTIVE BOARD IN RESPECT OF CAPITAL INCREASES AND ANY USE MADE OF SUCH AUTHORITIES OVER THE YEAR

Nature of the authority	Date of the Shareholders' General Assembly– Length	Use of the authority by the date of the compilation of the report
	None	

SUMMARY STATEMENT OF TRANSACTIONS BY EXECUTIVES AND THEIR RELATIVES DURINGTHE LAST FINANCIAL (MFA, SET. GENERAL ART. NEW 222-15-3)

NONE

CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEET

Assets (thousands of euros)	04/30/2016 IFRS	04/30/2015 IFRS
Non current assets		
Intangible fixed assets	2 682	2 599
Goodwill	60 144	60 950
Intangible fixed assets	62 826	63 549
Tangible assets	46 635	32 443
Investments in equity-valued companies	12 754	11 919
Deferred tax assets	5 964	5 897
Financial assets	1 399	1 402
Total non current assets	**129 578**	**115 210**
Current assets		
Raw material, intermediate and finished products	167 184	145 374
Trade receivables	37 491	48 452
Other receivables	7 025	5 620
Cash	66 394	67 831
Total current assets	**278 094**	**267 277**
Non current assets to be discontinued	0	0
Total assets	**407 672**	**382 487**

CONSOLIDATED BALANCE SHEET

Equity and Liabilities (thousands of euros)	04/30/2016 IFRS	04/30/2015 IFRS
Shareholder's equity		
Common stock	8 672	8 672
Retained earnings	233 444	202 444
Translation adjustment - shareholders' equity	2 193	6 770
Consolidated income of the year	28 928	34 216
Translation adjustment - income	(219)	1 120
Total Group shareholders' equity	**273 018**	**253 222**
Minority interests / reserves	2 949	2 524
Minority interests / income	346	657
Total shareholders' equity	**276 313**	**256 403**
Non current liabilities		
Long term provisions	627	1 184
Deferred tax liabilities	3 116	2 810
Long term interest-bearing loans and borrowings	9 797	19 537
Retirement benefit obligation	1 618	1 540
Total non current liabilities	**15 158**	**25 071**
Current liabilities		
Trade payables and equivalent	19 788	20 621
Other liabilities	11 442	15 107
Short term loans and borrowings	84 971	65 285
Short term provisions		
Total current liabilities	**116 201**	**101 013**
Non current liabilities to be discontinued	0	0
Total current and non current liabilities	**131 359**	**126 084**
Total Equity and Liabilities	**407 672**	**382 487**

INCOME STATEMENT

Thousands Euros	04/30/2016 12 months IFRS	04/30/2015 12 months IFRS
Revenue	194 987	204 270
Inventories	2 189	(3 156)
OPERATING INCOME	**197 176**	**201 114**
Purchase of raw materials and goods	(109 214)	(106 294)
Change in goods	14 930	11 002
GROSS PROFIT	**102 892**	**105 822**
Other purchases and external charges	(21 339)	(21 072)
VALUE-ADDED	**81 553**	**84 750**
Operating grants	0	0
Taxes and similar payments	(2 035)	(2 125)
Personnel expenses	(35 856)	(34 243)
EBITDA	**43 662**	**48 382**
Reserves written back to income and internal transfers	1 586	1 404
Other income	210	316
Allowances for amortizations	(3 330)	(3 398)
Allowances for reserves	(1 567)	(1 420)
Other operating expenses	(181)	(175)
INCOME OF OPERATING ACTIVITIES	**40 380**	**45 109**
Other income	(522)	(151)
INCOME FROM CONTINUING OPERATIONS	**39 858**	**44 958**
Share in net income of equity affiliates	1 181	951
INCOME AFTER SHARE IN NET INCOME OF EQUITY AFFILIATES	**41 039**	**45 909**
Financial income	1 562	3 393
Financial expense	(1 337)	(652)
Net Financial Expense	**225**	**2 741**
EARNINGS BEFORE TAX	**41 264**	**48 650**
Income tax	(11 979)	(13 819)
NET INCOME FROM CONTINUING OPERATIONS	**29 285**	**34 831**
NET INCOME FROM DISCONTINUED OPERATIONS	**0**	**0**
NET INCOME	**29 285**	**34 831**
Group share	28 928	34 216
Minority interests	357	615
Earnings per share		
net income	5,34	6,31
net income from continuing activities	5,34	6,31

TFF
GROUP