GROUP

2015 HALF-YEAR REPORT

DIRECTORS' REPORT

BASICNET GROUP CONDENSED HALF-YEAR FINANCIAL STATEMENTS AND EXPLANATORY NOTES

Capitale Sociale Euro 31.716.672,04 i.v.
R.E.A. 631153 della C.C.I.A.A. di Torino
Numero Registro Imprese Torino
Partita I.V.A. e Codice Fiscale 04413650013

CORPORATE BOARDS of BasicNet S.p.A.

Board of Directors

Marco Daniele Boglione	**Chairman**
Daniela Ovazza	**Vice Chairman**
Franco Spalla	**Chief Executive Officer**
Paola Bruschi Paolo Cafasso Giovanni Crespi [1] Alessandro Gabetti Davicini Adriano Marconetto [1] Carlo Pavesio Elisabetta Rolando	**Directors**

[1] Independent Directors

Remuneration Committee

Carlo Pavesio	**Chairman**
Adriano Marconetto	
Daniela Ovazza	

Control and Risks Committee

Giovanni Crespi	**Chairman**
Alessandro Gabetti Davicini	
Adriano Marconetto	

Board of Statutory Auditors

Massimo Boidi	**Chairman**
Carola Alberti Maurizio Ferrero	**Standing Auditors**
Fabio Pasquini Alessandra Vasconi	**Alternate Auditors**

Independent Audit Firm

PricewaterhouseCoopers S.p.A.

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DIRECTORS' REPORT

The Group saw commercial and profit growth consolidate further in the period:

- aggregate sales of Group products (Kappa®, Robe di Kappa®, Superga®, K-Way®, Lanzera®, AnziBesson®, Jesus®Jeans and Sabelt®) by licensees globally of Euro 260.6 million, up 17.7% on 2014;
  Significant commercial development also at like-for-like exchange rates: +8.2%;

- all regions report improved sales: Middle East and Africa (+31.8%), The Americas (+37%), Asia and Oceania (+22.6%), Europe (+12.6%);

- significant development of Superga® and K-Way® sales - respectively up 42.1% and 25.2%; Kappa® and Robe di Kappa® sales up 8.5%;

- *consolidated royalties and sourcing commissions* of Euro 23.8 million (Euro 19.6 million in H1 2014, +21.5%);

- *sales* of the BasicItalia Italian licensee company and its subsidiaries total Euro 63.9 million, up 7% on H1 2014, with a contribution margin on sales of Euro 26.6 million - substantially in line with H1 2014, although impacted by the percentage of purchases in US Dollars;

- *EBITDA* of Euro 17 million, compared to Euro 14.3 million in H1 2014 (+18.9%);

- *consolidated EBIT* of approx. Euro 14 million (Euro 11.4 million in H1 2014), + 22.5%;

- *consolidated pre-tax profit* of Euro 14.2 million (Euro 10 million in H1 2014), +41.4%;

- *consolidated net profit* of Euro 9.1 million (Euro 6 million in H1 2014), +51.07%;

- *net debt* further reduces to Euro 43.7 million from Euro 48 million at June 30, 2014, with a debt/equity ratio of 0.51 and including the distribution of dividends in 2015 of approx. Euro 4 million and the acquisition of further treasury shares for approx. Euro 1 million;

- strong stock market performance, with gains of 83% since the beginning of the year.

In relation to the "alternative performance indicators", as defined by CESR/05-178b recommendation and Consob Communication DEM/6064293 of July 28, 2006, we provide below a definition of the indicators used in the present Directors' Report, as well as their reconciliation with the financial statement items:

- ***Licensee aggregate sales:*** sales by licensees, recognised by the BasicNet Group to the "royalties and sourcing commissions" account of the income statement;
- ***EBITDA:*** "operating result" before "amortisation and depreciation" and "write-downs and other provisions";
- ***EBIT:*** "operating result";
- ***Overhead costs:*** total of the following income statement accounts "sponsorship and media costs", "personnel costs", "selling, general and administrative expenses, royalties expenses";
- ***Contribution margin on direct sales:*** "gross profit"
- ***Result per ordinary share:*** result for the period divided by the weighted average number of shares in circulation;
- ***Net debt:*** total of current and medium/long-term financial payables, less cash and cash equivalents and other current financial assets.

H1 2015 OPERATIONAL OVERVIEW AND EVENTS

Commercial activities

The actions taken to develop the international presence of the Brands in H1 2015 centred on:

- for the Kappa® and Robe di Kappa® brands, present in 118 countries across the world, new agreements for Chile, Paraguay and Hungary. Commercial operations also focused on the renewal of expiring contracts, such as those for the major markets in the Middle East, South-East Asia, Eastern Europe, Belgium and Russia;
- for the Superga® brand, present in 100 countries, a new agreement was signed for Bulgaria and expiring territorial contracts were renewed, including those for Israel and the main South-East Asian countries;
- for the K-Way® brand, available on 18 markets, a major collaboration agreement was signed with FCA (Fiat Chrysler Automobiles) for the creation of the new Panda K-Way®, as outlined below.

Group brand sales points

The development of the retail channel continued with new openings in numerous countries by licensees of K-Way® and of Superga® mono-brand stores. Following the recent openings in South Africa, China and England, mono-brand Superga® stores globally numbered 131 (of which 83 in Italy). Mono-brand K-Way® stores totalled 24 (of which 16 in Italy).

A significant number of Kappa® brand stores are operational globally. Mono-brand stores are a particular feature in Asia, as are Kappa® corners in Russia. In Europe and the United States Brand distribution was principally through the wholesale channel and the major specialised distribution chains. In Italy, 126 Robe di Kappa® and 7 Kappa Outlet® stores are operational at the major outlet centers across the country.

At June 30, 2015, 255 Group Brand stores were open in Italy, with *plug@sell* sales up 12% and 6% at like-for-like consolidation scope.

From July 1, following the optimisation of the operations of BasicItalia and its subsidiaries, the group's retail activities (brand stores, brand outlets and "Allo Spaccio" discount stores) came together under BasicRetail S.r.l. (previously BasicOutlet S.r.l.) for their management as franchises.

Sponsorship and communication

Kappa® Brand

The Kappa® brand is historically associated with high profile sponsorships. The brand sponsors over 125 teams and federations, of which 76 football teams, in over 30 countries and on 5 continents.

In this regard, new sponsorship agreements were signed in Italy with Benetton Treviso Rugby and, for football, with US Sassuolo Calcio and SSC Napoli in the period; the new blue jersey was recently presented on the retirement of Dimaro. For this latter contract, in addition to the usual sponsorship and merchandising development, collaborations focusing on the development of the Napoli brand are established, leveraging on the extensive commercial partner Network developed under the Kappa® brand by the BasicNet Group throughout the World.

The English market licensee signed a new five-year sponsorship deal with the football team Leeds United, with the new jersey presented on July 5 at an exclusive event at the Elland Road stadium.

In the initial months of 2015, the sponsorship of the Korean Ski Association was agreed, which will boost the visibility to the Brand in view of the next Winter Olympic Games, to be held in South Korea in 2018.

Kappa® again in 2015 was the sponsor of the Kappa FuturFestival of Turin, which has a growing appeal in the international electronic music world, welcoming approx. 40,000 young people from across the globe.

Superga® Brand

For Superga®, in addition to the many co-branding initiatives in place with well-known stylists and prestigious international clothing and footwear brands, we note those with Pinko, for the new*sneakers* of the Pinko Uniqueness collection, and with AW LAB.

In February 2015, the US licensee Steven Madden presented a new "Superga® x Rodarte" co-branding, with a new collection of sneakers created in collaboration with the founders and stylists of the well-known Rodarte brand.

For the English market, the American model Binx (Leona Walton) was chosen to showcase the 2015 collection, succeeding the previous brand ambassadors Alexa Chung, Rita Ora and Suki Waterhouse.

For the Spanish market, three new models were presented in collaboration with the fashion blogger Gala Gonzales. Finally, the Superga® licensee for Taiwan renewed its partnership with the celebrated actor Joseph Chang for the Q1Q2 2015 (spring-summer) Superga® campaign.

The new spring/summer 2016 collection was presented at the Pitti Immagine Uomo show in Florence; a classic Superga®2750 was personalised for the occasion and worn by the event staff.

K-Way® Brand

As stated, at the 85th International Motor Show of Geneva, the new Fiat Panda K-Way® was presented, a project created in collaboration with FCA, which from May has been available at the Italian Fiat showrooms and thereafter on all European markets. The project is behind the launching of an innovative, colourful and functional product - the core features of the K-Way® brand DNA. The new Panda K-Way® marks also a major development: it is the first car in the world featuring the VISIBAG® foldaway safety device: a high visibility K-Way® sleeveless jacket contained in a pouch located in the car's seats.

The first model of the new Panda was delivered to Mr. Léon-Claude Duhamel, the "K-Way" inventor, on the fiftieth anniversary of the creation of the Brand celebrated last May at the BasicVillage in Turin.

In addition to the numerous co-branding initiatives for the creation of capsule collections over preceding quarters, partnerships were developed with Petit Bateau for the creation of a classic blue and white stripes K-Way®Claude and with PRO DYNAMO, for which K-Way® created the items presented at the Pitti of Florence for the upcoming winter season.

"operated by BasicNet" Brands

For the "operated by BasicNet" brands an agreement for the development of the "PRO DYNAMO" brand collections was signed through the BasicNet Business System. "PRO DYNAMO" is a non-profit start-up which markets clothing and accessories, donating the entirety of its profits to the Dynamo Camp Foundation, which hosts in Tuscany kids and teenagers affected by serious and chronic illnesses for recreational breaks.

The collaboration with the Russian Group "Bosco dei Ciliegi" for the development and creation of Bosco brand collections continued.

H1 2014 FINANCIAL PERFORMANCE OVERVIEW

The key financial highlights are reported below:

BasicNet Group Key Financial Highlights

(In Euro thousands)	H1 2015	H1 2014	Changes	%
Licensee aggregate sales (*)	**260,592**	**221,435**	**39,157**	**17.68%**
Royalties and sourcing commissions	23,801	19,582	4,219	21.54%
Consolidated sales	63,924	59,738	4,186	7.01%
EBITDA	17,040	14,336	2,704	18.86%
EBIT	13,986	11,419	2,567	22.48%
Group Net Profit	9,090	6,017	3,073	51.07%
Basic earnings per share in circulation	0.1598	0.1049	0.0549	52.34%

(*) *Data not audited*

The performance indicators reported in the table are illustrated at page 2.

The breakdown of the licensee aggregate sales by geographic area is as follows:

(In Euro thousands)

Licensee aggregate sales (*)	**H1 2015**	**%**	**H1 2014**	**%**	**Changes**	**%**
Europe	163,999	*62.93%*	145,715	*65.80%*	18,284	12.55%
The Americas	16,267	*6.24%*	11,872	*5.36%*	4,395	37.01%
Asia and Oceania	51,165	*19.63%*	41,731	*18.85%*	9,434	22.61%
Middle East and Africa	29,161	*11.19%*	22,117	*9.99%*	7,044	31.85%
Total	**260,592**	***100.00%***	**221,435**	***100.00%***	**39,157**	**17.68%**

(*) Data not audited

Licensee ***aggregate sales*** of Euro 260.6 million increased 17.7% at current exchange rates, from Euro 221.4 million in H1 2014. The ongoing international development of the Brands has delivered significant results on all non-European markets, with growth exceeding 27%. The European market, although a number of countries currently have particularly fragile economies, reported overall growth of 12.5%.

Sales overall benefitted from the appreciation of the US Dollar against the Euro in the final months of the year; significant commercial development of 8.2% is however reported at like-for-like exchange rates.

The revenues of the main Group brands through the network of Global Licensees were as follows:

(In Euro thousands)	**H1 2015**	%	**H1 2014**	%	**Changes**	%
Kappa and Robe di Kappa	164,736	*63.22%*	151,782	*68.54%*	12,954	*8.53%*
Superga	74,156	*28.54%*	52,180	*23.56%*	21,976	*42.11%*
K-Way	20,807	*7.98%*	16,614	*7.50%*	4,193	*25.23%*

The Superga® and K-Way® brands grew significantly on H1 2014, respectively up 42% and 25%. The Kappa® and Robe di Kappa® brands, which overall represent more than 60% of aggregate sales, reported 8.5% growth.

As a result of increased revenues, ***consolidated royalties*** and ***souring commissions***, and therefore not including the royalties of the directly-held Italian licensees, increased to Euro 23.8 million, compared to Euro 19.6 million in the previous year (+21.5%).

Sales of the investee BasicItalia S.p.A. and its subsidiaries amounted to Euro 63.9 million, improving 7% on Euro 59.7 million in H1 2014. The ***contribution margin on sales*** of Euro 26.6 million is substantially in line with the previous year. The margin of 41.6% reflects the impact of the significant appreciation of the US Dollar against the Euro on the cost of product imports, while total revenues grew on the back of higher sales volumes.

Other income of Euro 2.1 million includes indemnities and royalties concerning sales of promotional products.

Sponsorship and media costs of Euro 7.8 million accounted for 12.2% of revenues, in line with the previous year and confirming the major investment focus on brand development.

Personnel costs of Euro 9.4 million reduced as a percentage of revenues from 15.1% in H1 2014 to 14.7% in H1 2015.

Overhead costs, i.e. ***Selling*** and ***general and administrative costs*** and ***royalties expenses*** amounted to Euro 18.3 million, accounting for a similar percentage of revenues as H1 2014. The account includes the doubtful debt provision of approx. Euro 1.6 million.

EBITDA of Euro 17 million increased 18.9% (Euro 14.3 million in H1 2014).

EBIT, after amortisation and depreciation of Euro 3 million, totalled approx. Euro 14 million, up 22.5% on Euro 11.4 million in H1 2014.

Consolidated net financial charges/income, including exchange gains and losses improved significantly on H1 2014, due to exchange gains (Euro 1.5 million in H1 2015, compared to Euro 96 thousand in H1 2014), thanks to the currency hedges undertaken in 2014 (flexi term), in addition to the reduction of financial debt charges, following the reduction in the debt, together with more competitive procurement costs.

The ***Consolidated pre-tax profit*** of Euro 14.2 million compared to Euro 10 million in H1 2014.

The ***consolidated net profit***, after current and deferred taxes of approx. Euro 5.1 million, amounted to Euro 9.1 million compared to Euro 6.0 million in H1 2014 (+51.1%).

The changes in the statement of financial position are reported below:

BasicNet Group Condensed Statement of Financial Position

(In Euro thousands)	June 30, 2015	December 31, 2014	Changes
Property	22,410	22,854	(444)
Brands	34,193	34,189	4
Non-current assets	25,534	25,562	(28)
Current assets	121,979	115,770	6,209
Total Assets	**204,116**	**198,375**	**5,741**
Group shareholders' equity	86,124	80,711	5,413
Non-current liabilities	30,491	20,495	9,996
Current liabilities	87,501	97,169	(9,668)
Total liabilities and shareholders' equity	**204,116**	**198,375**	**5,741**

BasicNet Group Summary Net Financial Position

(In Euro thousands)	June 30, 2015	December 31, 2014	June 30, 2014	Changes 30/6/2015 31/12/2014	Changes 30/6/2015 30/6/2014
Net financial position – Short-term	(18,732)	(29,880)	(29,679)	11,148	10,947
Financial payables – Medium-term	(23,306)	(13,932)	(16,400)	(9,374)	(6,906)
Finance leases	(1,666)	(1,761)	(1,972)	95	306
Consolidated Net Financial Position	**(43,704)**	**(45,573)**	**(48,051)**	**1,869**	**4,347**
Net Debt/Equity ratio (Net financial position/Shareholders' equity)	0.51	0.56	0.66	(0.06)	(0.15)

BasicNet S.p.A. Summary Net Financial Position

(In Euro thousands)	June 30, 2015	December 31, 2014	June 30, 2014	Changes 30/06/2015 31/12/2014	Changes 30/06/2015 30/06/2014
Net financial position – Short-term	(7,915)	(4,663)	(6,332)	(3,252)	(1,583)
Financial payables – Medium-term	(12,857)	(2,679)	(4,344)	(10,178)	(8,513)
Finance leases	(62)	(28)	(36)	(34)	(26)
Financial position with third parties	**(20,834)**	**(7,370)**	**(10,712)**	**(13,464)**	**(10,122)**
Group financial receivables / (payables)	60,311	48,162	44,573	12,149	15,738
Financial position with the Group	**60,311**	**48,162**	**44,573**	**12,149**	**15,738**
Total net financial position	**39,477**	**40,792**	**33,861**	**(1,315)**	**5,616**

Capital expenditure in H1 2015 amounted to Euro 2.8 million, following IT programme investment (Euro 1.2 million), EDP and furniture and fitting spending (Euro 0.9 million) and leasehold improvements and expenses incurred for the management of own brands (Euro 0.7 million).

Consolidated net debt, including medium-term loans and finance leases (Euro 1.7 million) and mortgages (Euro 12.1 million), reduced from Euro 45.6 million at December 31, 2014 to Euro 43.7 million at June 30, 2015. The debt at June 30, 2014 was Euro 48 million (down 9%).

In April, Banca Intesa Sanpaolo issued a medium-term loan of Euro 15 million. The four-year loan, amortising quarterly, without covenants and with an advanced repayment facility, will support developmental investment, in addition to optimising the overall debt duration, establishing the medium-term debt at 57% of the total. Also in terms of financing, in July a swap on the variable interest rate of quarterly Euribor to a fixed rate of 0.23% was completed for the duration of the loan.

Operating cash flow totalled Euro 9.6 million compared to Euro 7.3 million in H1 2014; medium-term loan and finance lease repayments totalled Euro 3.2 million, dividends were paid of Euro 3.9 million and treasury shares acquired of Euro 0.9 million.

The Parent Company BasicNet S.p.A. reported a ***net cash position*** at June 30 of Euro 39.5 million.

The contractual ***covenants*** in place on some medium/long term loans have been fully complied with.

In July, the last installment of the medium-term loan undertaken for the acquisition of the Superga® brand was paid.

The Explanatory Notes to the Consolidated Financial Statements report a breakdown of the Group net financial position as per Consob requirements.

THE BASICNET SHARE PRICE

The share capital of BasicNet S.p.A. consists of 60,993,602 ordinary shares of a nominal value of Euro 0.52 each.

	30/06/2015	31/12/2014	30/06/2014
SHARE PRICE INFORMATION			
Net equity per share	1.412	1.323	1.202
Price at period end	3.900	2.310	2.250
Maximum price in the period	4.090	2.720	2.550
Minimum price in the period	2.220	2.080	2.120
Price per share/Net equity per share	2.763	1.746	1.872
Total number of shares	60,993,602	60,993,602	60,993,602
Weighted average number of shares outstanding in the period	56,901,718	57,330,765	57,457,735

The list of parties holding, directly or indirectly, more than 5% of the share capital (the significance threshold established by Article 120, paragraph 2 of Legs. Decree No. 58 of 1998 for BasicNet which is classified as a "Small-Medium sized enterprise" as per Article 1, letter w-quater 1) of Legs. Decree No. 58 of 1998), represented by shares with voting rights, according to the shareholders' register, supplemented by the communications received in accordance with Article 120 of Legislative Decree No. 58 of 1998 and other information held by the company, is as follows:

Shareholder	Holding
Marco Daniele Boglione (*)	36.479%
Wellington Management Group LLP (**)	9.570%
BasicNet S.p.A.	6.940%

(*) held indirectly through BasicWorld S.r.l. for 36.187% and for the residual 0.292% directly.
(**) broken down between J. Cairds Investors (Bermuda) L.L.P. with 4.89% of voting rights and J. Cairds Partners L.L.P. with 4.68% of voting rights

TREASURY SHARES

The Shareholders' AGM of April 27, 2015 authorised the purchase, on one or more occasions, of a maximum number of ordinary shares at a nominal Euro 0.52 each, which, taking account of those already held by the company, does not exceed the legal limits, for a total amount of not more than Euro 2,500,000.

Following the purchases in the period, at June 30 the company held 4,233,000 treasury shares (6.94% of the share capital), for a total investment of Euro 7.8 million.

At the present date, 4,300,553 treasury shares are held, comprising 7.051% of the share capital, for a total investment of Euro 8 million and a value, at current stock market prices, of over Euro 17.7 million.

THE GROUP AT A GLANCE

The BasicNet Group operates in the causal and sportswear leisurewear, footwear and accessories sector principally through the brands Kappa®, Robe di Kappa®, K-Way®, Superga®, AnziBesson®, Lanzera®, Jesus®Jeans and Sabelt®.

Group activities involve driving brand enhancement and product distribution through a global network of licensees. This business network is defined as the "*Network*". And from which the name BasicNet derives. The *Network* of licensees encompasses all key markets worldwide.

The Basic Group brands form part of the informal and casual clothing sector, which has experienced significant growth since the 1960's and continues to develop with the "liberalisation" of clothing trends.

HUMAN RESOURCES

At June 30, 2015, the Group headcount was 472, as follows:

	Human resources at June 30, 2015				Human resources at December 31, 2014			
Category	Number		Average age		Number		Average age	
	Male / Female	Total	Male / Female	Average	Male / Female	Total	Male / Female	Average
Executives	16 / 8	24	47 / 51	48	16 / 8	24	46 / 50	47
Managers	1 / -	1	53 / -	53	1 / -	1	52 / -	52
Clerks	120 / 304	424	36 / 37	37	125 / 310	435	35 / 36	36
Workers	13 / 10	23	45 / 42	44	15 / 9	24	44 / 42	45
Total	150 / 322	472	38 / 37	37	157 / 327	484	37 / 36	36

Source: BasicGuys.com

PRINCIPAL RISKS AND UNCERTAINTIES

The BasicNet Group is subject to a variety of strategic, market and financial risks, as well as general business operational risks.

Strategic risks

These risks arise from factors that may comprise the value of the trademarks that the Group implements through its Business System. The Group requires the capacity to identify new business opportunities and markets and appropriate licensees for each market. The Group monitors the activities of its licensees and detects any problems on-line in the management of the brands in the various regions.

Risks associated with economic conditions

The Group retains that its Business System has the flexibility needed to swiftly respond to changes in customers' tastes and to limited and localised consumer slowdown. However, the Group may be exposed to economic crisis and social and general unrest, which may impact on consumer trends and the general economic outlook.

Currency risk

The Group is exposed to currency risk on merchandise purchases or royalty income and sourcing centre commissions not within the Eurozone. These transactions are mainly in US Dollars and marginally in UK Sterling and Japanese Yen.
The risks on fluctuations of the US Dollar on purchases are measured, preliminary, in the preparation of the budgets and finished products price lists, so as to adequately cover the impact of these fluctuations on sales margins.
Subsequently, royalty income and sourcing commissions from sales are utilised to cover purchases in foreign currencies, within the normal activities of the Group centralised treasury management.
For the foreign currency purchases not covered by foreign currency receipts, or in the case of significant time differences between receipts and payments, forward purchase and sales contracts (flexi-term) are underwritten.
The Group does not undertake derivative financial instruments for speculative purposes.

Credit risk

Group trade receivables derive from licensee royalty income, sourcing centre commissions billed and sales of finished products.
Royalty trade receivables are largely secured by bank guarantees, corporate sureties, letters of credit, guarantee deposits, or advance payment, provided by licensees. Souring commission receivables are covered by the payables of the subsidiary company BasicItalia S.p.A. to the sourcing centres.
Receivables from Italian footwear and apparel retailers within the subsidiary BasicItalia S.p.A. are monitored continually by the credit department of the company alongside specialised legal recovery firms and regional credit bodies throughout the country, commencing from the customer order. Receivables from franchising brand stores are settled weekly in line with sales and are of a limited insolvency risk.

Liquidity risk

The sector in which the Group operates is exposed to seasonal factors, which impact upon the timing of goods procurement compared to sales, in particular where the products are acquired on markets with favourable production costs and where the lead times are much longer. These seasonal factors also impact upon the Group's financial cycle of the commercial operations on the domestic market.
Certain medium/long-term loans are subject to equity and financial clauses (covenants), which must be complied with or the loan facility may be withdrawn. The covenants have been complied with.
Short-term debt to finance working capital needs comprises "import financing" and "self-liquidating bank advances" secured by the order backlog and the export account.
The Group manages the liquidity risk through close control on operating working capital with specific attention on inventories, receivables, trade payables and treasury management, with real-time operational reporting indicators or, for some information, at least on a monthly basis, reporting to Senior Management.

Interest rate risk

The interest fluctuation risks of some medium-term loans were hedged with conversion of the variable rate into fixed rates (swaps).

Risks relating to legal and tax disputes

The Group may be involved in legal and tax disputes, concerning specific issues and in various jurisdictions. Considering the uncertainties relating to these issues, it is difficult to predict with certainty any future payments required. In addition, the Group has instigated legal action for the protection of its Trademarks, and of its products, against counterfeit products. The cases and disputes against the Group often derive from complex legal issues, which are often subject to varying degrees of uncertainty, including the facts and circumstances relating to each case, jurisprudence and different applicable laws.

In the normal course of business, Management consults with its legal consultants and experts on legal matters. The Group accrues a liability against disputes when it considers it is probable that there will be a financial payment made and when the amount of the losses arising can be reasonably estimated.

The principal disputes involving the Group, extensively described at Note 45 to the Half-Year Financial Statements, to which reference should be made, did not develop significantly in the first half of 2015.

INTERCOMPANY TRANSACTIONS AND TRANSACTIONS WITH RELATED COMPANIES

The transactions with related parties, including inter-company transactions, are not atypical or unusual and form part of the ordinary business activities of the companies of the Group. These operations are regulated at market conditions and take account of the characteristics of the goods and services provided.

The information on transactions with related parties, including that required by Consob communication of July 28, 2006, is reported at Note 46 of the Condensed 2015 Half-Year Financial Statements.

SUBSEQUENT EVENTS TO THE END OF THE HALF-YEAR AND OUTLOOK

The operating performance for the first half year was very satisfying - both in terms of commercial development and the main profitability indicators and with a further optimisation of the debt.

The current forecast indicators, although considering as in previous years the uneven performance between the first and second half year periods, confirm a strong operating performance also in the second half-year.

This outlook remains subject to the variable economic conditions of the individual countries, in addition to exchange rate movements, both in terms of fluctuations to some of the major currencies and the impact that such changes may have - only for the Italian commercial companies - on procurement prices, which may only be partially transferred onto end sales prices.

Turin, July 29, 2015

for the Board of Directors

The Chairman

Marco Daniele Boglione

CONDENSED HALF-YEAR FINANCIAL STATEMENTS AND EXPLANATORY NOTES

In accordance with Consob Resolution No. 15519 of July 27, 2006, the transactions with related parties are described at Note 46.

BASICNET GROUP - IFRS INCOME STATEMENT COMPARED WITH H1 2014

(In Euro thousands)

	Note	**H1 2015**		**H1 2014**		**Changes**	
			%		%		%
Consolidated sales	*(7)*	63,924	*100.00*	59,738	*100.00*	4,186	*7.01*
Cost of sales	*(8)*	(37,326)	*(58.39)*	(33,031)	*(55.29)*	(4,295)	*(13.01)*
GROSS MARGIN		**26,598**	***41.61***	**26,707**	***44.71***	**(109)**	***(0.41)***
Royalties and sourcing commissions	*(9)*	23,801	*37.23*	19,582	*32.78*	4,219	*21.54*
Other income	*(10)*	2,132	*3.34*	896	*1.50*	1,236	*137.95*
Sponsorship and media costs	*(11)*	(7,824)	*(12.24)*	(7,285)	*(12.19)*	(539)	*(7.41)*
Personnel costs	*(12)*	(9,401)	*(14.71)*	(9,020)	*(15.10)*	(381)	*(4.22)*
Selling, general and administrative costs, royalties expenses	*(13)*	(18,265)	*(28.57)*	(16,544)	*(27.69)*	(1,721)	*(10.40)*
Amortisation & Depreciation	*(14)*	(3,055)	*(4.78)*	(2,917)	*(4.88)*	(138)	*(4.73)*
EBIT		**13,986**	***21.88***	**11,419**	***19.12***	**2,567**	***22.48***
Net financial income (charges)	*(15)*	345	*0.54*	(1,365)	*(2.29)*	1,710	*125.27*
Share of profit/ (loss) of investments valued at equity	*(16)*	(138)	*(0.22)*	(19)	*(0.03)*	(119)	*(626.32)*
PROFIT BEFORE TAXES		**14,193**	***22.20***	**10,035**	***16.80***	**4,158**	***41.43***
Income taxes	*(17)*	(5,103)	*(7.98)*	(4,018)	*(6.73)*	(1,085)	*(27.00)*
RESULT, of which:							
- Group		**9,090**	***14.22***	**6,017**	***10.07***	**3,073**	***51.07***
- minority interests		-	-	-	-	-	-
Basic earnings per share:	*(18)*						
Basic		0.1598		0.1049		0.0549	*52.34*
Diluted		0.1598		0.1049		0.0549	*52.34*

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CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

The "Comprehensive Income Statement" is reported below, prepared in accordance with IAS 1 Revised. The statement shows the effects that would occur on the consolidated net result if the accounts that are recorded directly under equity, as required and permitted by IFRS, were instead recorded through the income statement.

(In Euro thousands)

	H1 2015	H1 2014
Profit for the period (A)	***9,090***	***6,017***
Effective portion of the Gains/(losses) on cash flow hedges	919	285
Remeasurement of post-employment benefits (IAS 19) **	116	(140)
Gains/(losses) from translation of accounts of foreign subsidiaries	457	48
Tax effect on other profits/(losses)	(285)	(40)
Total other gains/(losses), net of tax effect (B)	***1,207***	***153***
Total Comprehensive Profit (A)+(B)	**10,297**	**6,170**
Total Comprehensive Profit attributable to:		
– Shareholders of BasicNet S.p.A.	10,297	6,170
- Minority interests	-	-

****** *Items which may not be reclassified to the profit and loss account*

CONSOLIDATED IFRS STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2015 COMPARED WITH JUNE 30, 2014

(In Euro thousands)

ASSETS	Note	June 30, 2015	December 31, 2014	June 30, 2014
Intangible assets	*(19)*	41,760	41,184	40,881
Goodwill	*(20)*	10,341	10,516	10,531
Property, plant and equipment	*(21)*	29,551	30,183	30,735
Equity invest. & other financial assets	*(22)*	225	297	307
Interests in joint ventures	*(23)*	260	399	447
Deferred tax assets	*(24)*	-	26	375
Total non-current assets		**82,137**	**82,605**	**83,276**
Net inventories	*(25)*	51,887	46,297	51,145
Trade receivables	*(26)*	44,448	43,928	46,781
Other current assets	*(27)*	13,336	13,505	15,846
Prepayments	*(28)*	5,822	6,844	6,790
Cash and cash equivalents	*(29)*	4,437	4,014	4,795
Derivative financial instruments	*(30)*	2,049	1,182	96
Total current assets		**121,979**	**115,770**	**125,453**
TOTAL ASSETS		**204,116**	**198,375**	**208,729**

LIABILITIES	Note	June 30, 2015	December 31, 2014	June 30, 2014
Share capital		31,717	31,717	31,717
Reserve for treasury shares in portfolio		(7,776)	(6,875)	(6,227)
Other reserves		53,093	43,432	41,816
Net Profit		9,090	12,437	6,017
Minority interests		-	-	-
Total Group shareholders' equity	*(31)*	**86,124**	**80,711**	**73,323**
Provisions for risks and charges	*(32)*	28	43	36
Loans	*(33)*	24,972	15,692	18,372
Employee and Director benefits	*(34)*	3,732	3,573	3,243
Deferred tax liabilities	*(35)*	706	-	-
Other non-current liabilities	*(36)*	1,053	1,187	812
Total non-current liabilities		**30,491**	**20,495**	**22,463**
Bank payables	*(37)*	23,169	33,894	34,473
Trade payables	*(38)*	32,995	30,142	38,290
Tax payables	*(39)*	20,963	22,165	28,701
Other current liabilities	*(40)*	8,387	7,475	7,928
Accrued expenses	*(41)*	394	1,848	1,702
Derivative financial instruments	*(42)*	1,593	1,645	1,849
Total current liabilities		**87,501**	**97,169**	**112,943**
TOTAL LIABILITIES		**117,992**	**117,664**	**135,406**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**204,116**	**198,375**	**208,729**

BASICNET GROUP CASH FLOW STATEMENT AT JUNE 30, 2015 COMPARED WITH JUNE 30, 2014

(In Euro thousands)

	June 30, 2015	December 31, 2014	June 30, 2014
A) OPENING SHORT-TERM BANK DEBT (*)	**(24,349)**	**(25,191)**	**(25,191)**
B) CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the period	9,090	12,437	6,017
Amortisation & Depreciation	3,055	6,433	2,917
Result of companies valued under the equity method	138	65	-
Changes in working capital:			
. (Increase) decrease in trade receivables	(519)	(243)	(3,095)
. (Increase) decrease in inventories	(5,590)	1,972	(2,876)
. (Increase) decrease in other receivables	1,192	614	(2,682)
. Increase (decrease) in trade payables	2,853	(5,584)	2,565
. Increase (decrease) in other payables	(1,162)	(2,365)	3,952
Net change in post-employment benefit	159	(184)	56
Others, net	355	466	431
	9,571	**13,611**	**7,284**
C) CASH FLOW FROM INVESTING ACTIVITIES			
Investments in fixed assets:			
- tangible assets	(926)	(1,516)	(591)
- intangible assets	(1,984)	(3,526)	(1,169)
- financial assets	-	-	-
Realisable value for fixed asset disposals:			
- tangible assets	86	32	1
- intangible assets	-	11	11
- financial assets	-	52	-
	(2,824)	**(4,947)**	**(1,748)**
D) CASH FLOW FROM FINANCING ACTIVITIES			
Lease contracts (repayments)	(95)	(587)	(375)
Undertaking of medium/long-term loans	15,000	-	-
Loan repayments	(3,062)	(6,125)	(3,062)
Conversion of short-term credit lines	-		-
Acquisition of treasury shares	(901)	(1,110)	(462)
Dividend payments	(3,979)	-	-
	6,963	**(7,822)**	**(3,899)**
E) CASH FLOW IN THE PERIOD	**13,710**	**842**	**1,637**
F) CLOSING SHORT-TERM BANK DEBT	**(10,639)**	**(24,349)**	**(23,554)**

(*) Balance at January 1

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(In Euro thousands)

	Share Capital	Treasury shares	Retained earnings	Translation reserve	IAS 19 remeas. reserve	Cash Flow Hedge reserve	Net result	Total Group Net Equity
Balance at January 1, 2014	**31,717**	**(5,765)**	**38,500**	**330**	**(194)**	**(1,474)**	**4,501**	**67,615**
Allocation of 2013 result as per Shareholders' AGM resolution of April 28, 2014:								
- Retained earnings		-	4,501	-	-	-	(4,501)	-
- Distribution of dividends		-	-	-	-	-	-	-
Acquisition of treasury shares		(462)	-	-	-	-	-	**(462)**
H1 2014 Result		-	-	-	-	-	6,017	**6,017**
Other comprehensive income statement items:								
- Gains/(losses) recorded directly to translation reserve		-	-	48	-	-	-	**48**
- Gains/(losses) recorded directly to equity for IAS 19 remeasurement		-	-	-	(102)	-	-	**(102)**
- Gains recorded directly to cash flow hedge reserve		-	-	-	-	207	-	**207**
Total comprehensive income statement		*-*	*-*	*48*	*(102)*	*207*	*6,017*	***6,170***
Balance at June 30, 2014	**31,717**	**(6,227)**	**43,001**	**378**	**(296)**	**(1,267)**	**6,017**	**73,323**

	Share Capital	Treasury shares	Retained earnings	Translation reserve	IAS 19 remeas. reserve	Cash Flow Hedge reserve	Net result	Total Group Net Equity
Balance at January 1, 2015	**31,717**	**(6,875)**	**43,001**	**1,026**	**(263)**	**(332)**	**12,437**	**80,711**
Allocation of 2014 result as per Shareholders' AGM resolution of April 27, 2015:								
- Retained earnings		-	8,454	-	-	-	(8,454)	-
- Distribution of dividends		-	-	-	-	-	(3,983)	**(3,983)**
Acquisition of treasury shares		(901)	-	-	-	-	-	**(901)**
H1 2015 Result		-	-	-	-	-	9,090	**9,090**
Other comprehensive income statement items:								
- Gains/(losses) recorded directly to translation reserve		-	-	457	-	-	-	**457**
- Gains/(losses) recorded directly to equity for IAS 19 remeasurement		-	-	-	84	-	-	**84**
- Gains recorded directly to cash flow hedge reserve		-	-	-	-	666	-	**666**
Total comprehensive income statement		*-*	*-*	*457*	*84*	*666*	*9,090*	***10,297***
Balance at June 30, 2015	**31,717**	**(7,776)**	**51,455**	**1,483**	**(179)**	**334**	**9,090**	**86,124**

CONSOLIDATED NET FINANCIAL POSITION

(In Euro thousands)

	June 30, 2015	December 31, 2014	June 30, 2014
Cash and cash equivalents	4,437	4,014	4,795
Bank overdrafts and bills	(7,159)	(12,277)	(12,101)
Import advances	(7,917)	(16,086)	(16,248)
Sub-total net liquidity available	*(10,639)*	*(24,349)*	*(23,554)*
Short-term portion of medium/long-term loans	(8,093)	(5,531)	(6,125)
Short-term net financial position	**(18,732)**	**(29,880)**	**(29,679)**
Intesa Sanpaolo loan	(11,250)	-	-
Superga medium-long term loan	-	-	(594)
Basic Village property loan	(7,500)	(8,100)	(8,700)
BasicItalia property loan	(2,949)	(3,153)	(3,356)
UBI Banca loan	(1,607)	(2,679)	(3,750)
Leasing payables	(1,666)	(1,761)	(1,972)
Sub-total loans and leasing	*(24,972)*	*(15,693)*	*(18,372)*
Consolidated Net Financial Position	**(43,704)**	**(45,573)**	**(48,051)**

The statement required by Consob Communication No. 6064293 of July 28, 2006 is reported below.

		June 30, 2015	December 31, 2014	June 30, 2014
A.	Cash	57	72	65
B.	Other cash equivalents	4,380	3,942	4,730
C.	Securities held for trading	-	-	-
D.	**Cash & cash equivalents (A)+(B)+(C)**	**4,437**	**4,014**	**4,795**
E.	**Current financial receivables**	-	-	-
F.	Current bank payables	(15,076)	(28,363)	(28,348)
G.	Current portion of non-current debt	(8,093)	(5,531)	(6,125)
H.	Other current fin. payables	-	-	-
I.	**Current financial debt (F)+(G)+(H)**	**(23,169)**	**(33,894)**	**(34,473)**
J.	**Net current financial debt (I)-(E)-(D)**	**(18,732)**	**(29,880)**	**(29,678)**
K.	Non-current bank payables	(24,972)	(15,693)	(18,372)
L.	Bonds issued	-	-	-
M.	Derivatives fair value	456	(463)	(1,753)
N.	**Non-current financial debt (K)+(L)+(M)**	**(24,516)**	**(16,156)**	**(20,125)**
O.	**Net financial debt (J)+(N)**	**(43,248)**	**(46,036)**	**(49,803)**

The net financial debt differs from the consolidated net financial position for the fair value of the derivatives, relating to the interest and currency hedging operations (Notes 30 and 42).

EXPLANATORY NOTES

1. GENERAL INFORMATION

BasicNet S.p.A. – with registered office in Turin, listed on the Italian Stock Exchange since November 17, 1999 and its subsidiaries, operate in the sports and casual clothing, footwear and accessories sector through the brands Kappa, Robe di Kappa, Jesus Jeans, Lanzera, K-Way, Superga, AnziBesson and Sabelt. Group activities involve the development of the value of the brands and the distribution of their products through a global network of independent licensees.

The consolidated financial statements in this document were approved by the Board of Directors of BasicNet S.p.A. on July 29, 2015. The present document is subject to limited audit.

2. FORM AND CONTENT

The main accounting principles adopted in the preparation of the consolidated financial statements and Group financial reporting are described below.

This document has been prepared in accordance with IFRS issued by the International Accounting Standards Board (IASB) and approved by the European Union. IFRS refers to all the revised International Accounting Standards (IAS) and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") - previously known as the Standing Interpretations Committee ("SIC") and in particular *IAS 34- Interim Financial Reporting*, in addition to the enacting provisions of Article 9 of Legs. Decree No. 38/2005. Under the options presented by IAS 34, the Group chose to publish a summary disclosure in the Half-Year Consolidated Financial Statements.

The Group consolidated interim financial statements include the financial statements at June 30, 2015 of BasicNet S.p.A. and all the Italian and foreign companies in which the Parent Company holds control - directly or indirectly. For the financial statements of the US and Dutch subsidiaries, which utilise local accounting standards, as not obliged to adopt IAS/IFRS, the appropriate adjustments were made for the preparation of the consolidated financial statements in accordance with international accounting standards.

The financial statements are prepared under the historical cost convention (modified where applicable for the valuation of certain financial instruments), as well as on the going concern assumption.

The accounting principles utilised for the preparation of the Condensed Consolidated Half-Year Financial Statements at June 30, 2015 are the same as those used for the Consolidated Financial Statements at December 31, 2014. The Condensed Consolidated Half-Year Financial Statements must be read together with the Consolidated Financial Statements at December 31, 2014, prepared in accordance with IFRS, to which reference should be made.

The preparation of the Interim Financial Statements requires that Company Management make estimates and assumptions on the values of the revenues, costs, assets and liabilities in the financial statements and on the disclosures relating to the assets and contingent liabilities at the interim statement of financial position date. The actual results may differ from such estimates.

In addition, some valuation processes, in particular the most complex such as the determination of any loss in value of non-current assets, are generally made on a complete basis on the preparation of the annual accounts, when all the necessary information is available. However, where indications of potential losses are evident, an impairment test is also carried out on the preparation of the interim financial statements and any loss is reflected in the individual accounts.

Income taxes are recognised on the basis of the best estimate of the expected tax rates for the entire year.

Accounting standards, amendments and interpretations applied from January 1, 2015

Improvements to IFRS (2011-2013 cycle): on December 18, 2014 EU Regulation 1361-2014 was issued and enacted at EU level some improvements to IFRS for the period 2011-2013. In particular the improvements refer to the following aspects:

- "*Amendments to IFRS 3: - Business combinations'*; the amendment clarifies that IFRS 3 is not applicable to recognise the accounting effects from the formation of a joint venture or joint operation (as established by IFRS 11) in the financial statements of joint ventures or joint operations;
- "Amendments to *IFRS 13 – Fair value measurement"*; the amendment clarifies that the exception within the standard which permits the measurement of financial assets and liabilities based on their net portfolio exposure, also applies to all contracts within the application of IAS 39/IFRS 9, even when they do not satisfy the requisites of IAS 32 to be classified as financial assets/liabilities;
- "Amendments to *IAS 40 – Property investments*"; the amendment introduced refers to IFRS 3 to establish whether the acquisition of an investment property falls within the application of business combinations.

Improvements to IFRS (2010-2012 cycle): on December 17, 2014 EU Regulation 28-2015 was issued and enacted at EU level some improvements to IFRS for the period 2010-2012. In particular the improvements refer to the following aspects:

- "Amendments to *IFRS 2 – Share-based payments"*: the amendment clarifies some features of the maturity conditions, in addition to the definition of the "service conditions" and the "result conditions";
- "Amendments to *IFRS 3 - Business combinations*: the amendment clarifies the accounting treatment of "potential payments" within a business combination, referring to IAS 32 for its classification as financial liability or equity instrument;
- "Amendment to *IFRS 8 -Operating segments*": the amendment introduced requires disclosure on assessments made by management in operating segment combinations, describing the segments aggregated and the economic indicators evaluated to determine that the operating segments have similar economic features;
- "Amendment to *IAS 16 Property, plant and equipment and IAS 38 - Intangible assets:* both standards were amended to clarify the accounting treatment of the historic cost and accumulated depreciation of a fixed asset when the entity applies the revalued cost model;
- "Amendment to *IAS 24 Related party disclosures:* the amendment establishes the disclosure required when a third party entity provides services for the management of the senior executives of the entity which prepares the financial statements.

Amendments to IAS 19 – Employee benefits, Defined Benefit plans, employee contribution plans: on December 17, 2014, EU Regulation No. 29-2015 was issued which enacts at European level some modifications of IAS 19. In particular, these amendments have the objective to clarify the accounting treatment of contributions paid by employees within a defined benefit plan.

They did not impact the condensed consolidated half-year financial statements of the Group.

New Accounting standards and amendments to IASB accounting standards

At the date of the present consolidated financial statements, the following new Standards/Interpretations were issued by IASB, applicable from January 1, 2016, but still not approved by the EU:

- *IFRS 14 – Regulatory deferral accounts;*
- Accounting for the acquisition in investments in joint ventures, amendments to *IFRS 11 – Joint arrangements;*
- Amendments to *IAS 16 – Property, plant and equipment and IAS 38 – Intangible assets*, clarification on the amortisation and depreciation methods applicable to intangible and tangible assets;
- Amendments to *IFRS 10 – Consolidated financial statements and IAS 28 - Investments in associates and joint ventures*, sales and conferment of assets between an investor and an associate/joint venture;
- Improvements to IFRS, 2012-2014 cycle;
- Amendments to IFRS 12, IFRS 10 and IAS 28, Investment entities – Consolidation exceptions;
- Amendments to IAS 1 – disclosures in the financial statements.

At the preparation date of the present half-year report, the following new Standards/Interpretations were issued by IASB and are applicable respectively from January 1, 2017 and January 1, 2018: *IFRS 15 - Revenue from Contract with Customers* e *IFRS 9 - Financial instruments*.

The Group will adopt these new standards, amendments and interpretations, according to the scheduled application date and will evaluate the potential impacts, where they have been approved by the European Union.

3. FORMAT OF THE FINANCIAL STATEMENTS

The BasicNet Group presents its income statement by nature of cost items; the assets and liabilities are classified as current or non-current. The cash flow statement was prepared applying the indirect method. The format of the consolidated financial statements applied the provisions of Consob Resolution No. 15519 of July 27, 2006 and Notice No. 6064293 of July 28, 2006 on financial disclosure requirements. With reference to the afore-mentioned Consob Resolution No. 15519, in consideration of the insignificance of the overall amounts, transactions with related parties are described in Note 46 of the Consolidated Half-Year Financial Statements.

4. CONSOLIDATION PRINCIPLES

The Consolidated Half-Year Financial Statements were prepared including the Financial Statements at June 30, 2015 of the Group companies included in the consolidation scope, appropriately adjusted in accordance with the accounting principles adopted by the Parent Company.

The condensed consolidated half-year financial statements of the BasicNet Group are presented in Euro thousands, where not otherwise stated; the Euro is the functional currency of the Parent Company and the majority of the consolidated companies.

Financial statements in currencies other than the Euro are translated into the Euro applying the average exchange rate for the year for the income statement. The statement of financial position accounts are translated at the year-end exchange rate. The differences arising from the translation into Euro of the financial statements prepared in currencies other than the Euro are recorded in a specific reserve in the Comprehensive Income Statement.

The exchange rates applied are as follows (for 1 Euro):

Currencies	H1 2015		FY 2014		H1 2014	
	Average	**At period end**	**Average**	**At period end**	**Average**	**At period end**
US Dollar	1.1110	1.1189	1.3184	1.2141	1.3704	1.3658
HK Dollar	8.6132	8.6740	10.2259	9.4170	10.6299	10.5858
Japanese Yen	133.6671	137.0100	140.4328	145.2300	139.9856	138.4400
UK Sterling	0.7270	0.7114	0.8027	0.7789	0.8188	0.8015

The criteria adopted for the consolidation were as follows:

a) the assets and liabilities, as well as the income and charges of the financial statements consolidated under the line-by-line method are included in the financial statements of the Group, without consideration of the holding in the subsidiary. The carrying value of the investments are eliminated against the relative net equity of the subsidiaries. As all companies included in the consolidation scope are wholly-owned, minority interest equity was not allocated or minority interest share of profit/(loss);

b) the positive differences resulting from the elimination of the investments against the book net equity at the acquisition date is allocated to the higher values attributed to the assets and liabilities acquired, and the residual part to goodwill. On the first-time adoption of IFRS, the Group has chosen not to apply *IFRS 3 - Business combinations* in retrospective manner for the acquisitions made prior to January 1, 2004;

c) the payables/receivables, costs/revenues between consolidated companies and the gains/losses resulting from inter-company operations are eliminated, as are the effects of mergers and the sale of business units between companies in the consolidation scope.

As illustrated in Attachment 1, at June 30, 2015 the Group is comprised solely of subsidiaries owned directly or indirectly by the Parent Company BasicNet S.p.A., or jointly controlled; there are no associated companies or investments in structured entities or joint arrangements in the Group.

Control exists where the Parent Company BasicNet S.p.A. simultaneously:

- exercises decision-making power over the investee, i.e. has the capacity to manage its main activities, therefore those activities which have a significant impact on the investee's results;
- has the right to variable profits or losses from its investment in the entity;
- has the capacity to utilise its decision-making power to establish the amount of profits devolving from its investment in the entity.

The existence of control is verified where events or circumstances indicate an alteration to one or more of the three factors determining control.
Investments in associates and joint ventures are consolidated at equity, as established respectively by IAS 28 - *Investments in associates and joint ventures* and by IFRS 11 – *Joint arrangements*.
An associate is a company in which the Group holds at least 20% of voting rights or exercises significant influence - however not control or joint control - on the financial and operational policies. A joint venture is a joint control agreement, in which the parties who jointly hold control maintain rights on the net assets of the entity. Joint control concerns the sharing, under an agreement, of the control of economic activities, which exists only where the decisions regarding such activities requires unanimity by all parties sharing control.

Associates and joint ventures are consolidated from the date in which significant influence or joint control begins and until the discontinuation of such. Under the equity method, the investment in an associated company or a joint venture is initially recognised at cost and the carrying amount is increased or decreased to recognise the associated company's share of the profit or loss after the date of acquisition. The share of profits (losses) of the investment is recognised to the consolidated income statements. Dividends received from the investee reduce the book value of the investment.

If the share of losses of an entity in an associate or a joint venture is equal to or greater than its interest in the associate or joint venture the entity discontinues the recognition of its share of further losses. After the investor's interest is reduced to zero, additional losses are provisioned and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or the joint venture subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Consolidation Scope

The consolidation scope includes the Parent company BasicNet S.p.A. and the Italian and foreign subsidiaries in which BasicNet S.p.A. exercises direct, or indirect, control. Attachment 1 contains a list of consolidated companies under the line-by-line method, as well as the complete list of Group companies, registered office, corporate purpose, share capital and direct and indirect holdings.

Information by business segment and geographic area

Three operating segments were identified within the BasicNet Group: i) license and brand management, (ii) proprietary licensee and (iii) property management. The relevant information is reported in Note 6.

The information by geographic area has significance for the Group in relation to royalty income and consolidated sales, and therefore was included for the two respective items. The breakdown of licensee aggregate sales by geographic area, from which the royalties derive, is reported in the Directors' Report.

5. OTHER INFORMATION

The subsequent events to the end of the period and the outlook for the current year are reported in the Directors' Report.

EXPLANATORY NOTES TO THE INCOME STATEMENT

(IN EURO THOUSANDS UNLESS OTHERWISE STATED)

6. DISCLOSURE BY OPERATING SEGMENT

The BasicNet Group identifies three operating segments:

- “Licenses and Brands”, which involves the management of overseas licensees and “sourcing centres” by the following Group companies: BasicNet S.p.A., Basic Properties B.V., Basic Properties America, Inc., BasicNet Asia Ltd., Basic Trademark S.A., Superga Trademark S.A., Jesus Jeans S.r.l., AnziBesson Trademark S.r.l. and Fashion S.r.l.;

- “Proprietary licensees”, which involves the direct management of the sales channels through BasicItalia S.p.A. (proprietary licensor) for wholesale and BasicRetail S.r.l. (previously BasicOutlet S.r.l.) and RdK0 S.r.l. (since July 1, 2015 incorporated into BasicRetail S.r.l) for retail;

- “Property”, which involves the management of the building at Turin – Largo Maurizio Vitale 1, known as “Basic Village”.

H1 2015	Licenses and brands	Proprietary licensees	Property	Inter-segment eliminations	Consolidated
Direct sales - third parties	349	63,575	-	-	63,924
Consolidated sales - inter-segment	*589*	*175*	-	*(764)*	-
(Cost of sales – third parties)	(756)	(36,570)	-	-	(37,326)
(Cost of sales – inter-segment)	*(19)*	*(585)*	-	*604*	-
GROSS MARGIN	**163**	**26,595**		**(160)**	**26,598**
Royalties and sourcing commissions – third parties	23,799	2	-	-	23,801
Royalties and sourcing commissions – inter-segment	*5,742*	-	-	*(5,742)*	-
Other income - third parties	1,310	527	295	-	2,132
Other income – inter-segment	*226*	*3,257*	*1,390*	*(4,873)*	-
(Sponsorship and media costs – third parties)	(2,444)	(5,380)	-	-	(7,824)
(Sponsorship and media costs – inter-segment)	*(3,278)*	*(2)*	-	*3,280*	-
(Personnel costs – third parties)	(4,428)	(4,973)	-	-	(9,401)
(Personnel costs – inter-segment)	-	-	-	-	-
(Selling, general and administrative costs, royalties expenses – third parties)	(5,941)	(11,548)	(776)	-	(18,265)
(Selling, general and administrative costs, royalties expenses – inter-segment)	*(1,146)*	*(6,324)*	*(25)*	*7,495*	-
Depreciation & amortization	(1,065)	(1,555)	(435)	-	(3,055)
EBIT	**12,938**	**599**	**449**	**-**	**13,986**
Financial income – third parties	1,707	2,728	-	-	4,435
Financial income – inter-segment	*48*	-	-	*(48)*	-
(Financial charges – third parties)	(801)	(3,013)	(276)	-	(4,090)
(Financial charges – inter-segment)	-	*(48)*	-	*48*	-
(Investment impairments – third parties)	-	-	-	-	-
(Investment impairments – inter-segment)	-	-	-	-	-
Income/(charges) from investments	(138)	-	-	-	(138)
(Income/(charges) from investments - inters.)	-	-	-	-	-
PROFIT BEFORE TAXES	**13,754**	**266**	**173**	**-**	**14,193**
Income taxes	(4,813)	(202)	(88)	-	(5,103)
NET PROFIT	**8,941**	**64**	**85**	**-**	**9,090**
Significant non-cash items:					
Amortisation & Depreciation	(1,065)	(1,555)	(435)	-	(3,055)
Write-downs	-	-	-	-	-
Total non-cash items	**(1,065)**	**(1,555)**	**(435)**	**-**	**(3,055)**
Investments in non-current assets	**(1,455)**	**(1,405)**	**(39)**	**-**	**(2,899)**
Segment assets and liabilities:					
Assets	**181,076**	**104,500**	**16,724**	**(98,184)**	**204,116**
Liabilities	**77,784**	**92,392**	**12,451**	**(64,635)**	**117,992**

H1 2014	**Licenses and brands**	**Proprietary licensees**	**Property**	**Inter-segment eliminations**	**Consolidated**
Direct sales - third parties	309	59,429	-	-	59,738
Consolidated sales - inter-segment	*619*	*83*	-	*(702)*	-
(Cost of sales – third parties)	(701)	(32,330)	-	-	(33,031)
(Cost of sales – inter-segment)	*(13)*	*(594)*	-	*607*	-
GROSS MARGIN	**214**	**26,588**	**-**	**(95)**	**26,707**
Royalties and sourcing commissions – third parties	19,582	-	-	-	19,582
Royalties and sourcing commissions – inter-segment	*5,322*	-	-	*(5,322)*	-
Other income - third parties	236	396	264	-	896
Other income – inter-segment	*451*	*2,745*	*1,432*	*(4,628)*	-
(Sponsorship and media costs – third parties)	(2,066)	(5,219)	-	-	(7,285)
(Sponsorship and media costs – inter-segment)	*(2,749)*	*(2)*	-	*2,751*	-
(Personnel costs – third parties)	(4,285)	(4,735)	-	-	(9,020)
(Personnel costs – inter-segment)	-	-	-	-	-
(Selling, general and administrative costs, royalties expenses – third parties)	(4,976)	(10,861)	(707)	-	(16,544)
(Selling, general and administrative costs, royalties expenses – inter-segment)	*(1,110)*	*(6,159)*	*(25)*	*7,294*	-
Amortisation & Depreciation	(928)	(1,544)	(445)	-	(2,917)
EBIT	**9,691**	**1,209**	**519**	**-**	**11,419**
Financial income – third parties	208	255	-	-	463
Financial income – inter-segment	*26*	*2*	*6*	*(34)*	-
(Financial charges – third parties)	(597)	(918)	(313)	-	(1,828)
(Financial charges – inter-segment)	-	*(27)*	*(7)*	*34*	-
Share of profit/(loss) of investments valued at equity	(19)	-	-	-	(19)
PROFIT BEFORE TAXES	**9,309**	**521**	**205**	**-**	**10,035**
Income taxes	(3,744)	(223)	(51)		(4,018)
NET PROFIT	**5,565**	**298**	**154**		**6,017**
Significant non-cash items:					
Amortisation & Depreciation	(928)	(1,544)	(445)	-	2,917
Write-downs	-	-	-	-	-
Total non-cash items	**(928)**	**(1,544)**	**(445)**	**-**	**2,917**
Investments in non-current assets	**(821)**	**(836)**	**(144)**	**-**	**(1,801)**
Segment assets and liabilities:					
Assets	**183,721**	**112,509**	**16,616**	**(104,117)**	**208,729**
Liabilities	**90,081**	**101,789**	**12,702**	**(69,166)**	**135,406**

- The “Licenses and brands” segment includes royalties and sourcing commissions, which increased to Euro 29.5 million from Euro 24.9 million in H1 2014 following the development of aggregate sales. The segment net profit totalled Euro 8.9 million, compared to Euro 5.6 million in H1 2014;

- The “Proprietary licensees” segment, comprising BasicItalia S.p.A. and its subsidiaries, reported 7% sales growth (sales of Euro 63.7 million). The contribution margin on sales of Euro 26.6 million is substantially in line with the previous year. The margin of 41.6% reflects the impact of the significant appreciation of the US Dollar against the Euro on the cost of product imports, while total revenues grew on the back of higher sales volumes. Personnel costs and overhead costs increased on the same period of the previous year due to the expansion of operations. The segment reports a profit of Euro 64 thousand compared Euro 300 thousand in H1 2014;

- the “Property” segment, relating to the building at Largo Maurizio Vitale 1, Turin, reports a profit of Euro 85 thousand.

7. CONSOLIDATED SALES

The breakdown of consolidated sales by geographic area is reported below:

	H1 2015	H1 2014
Italy	59,626	56,339
EU countries other than Italy	3,141	2,635
Rest of the World	1,157	764
Total consolidated sales	**63,924**	**59,738**

Direct sales revenues relate to merchandise sold by BasicItalia S.p.A., RdK0 S.r.l. and BasicRetail S.r.l. (previously BasicOutlet S.r.l.) through National and Regional Servicing Centres and directly to the public (Euro 63.8 million) and by BasicNet S.p.A. for sample merchandise sales (Euro 175 thousand). Sales on the home market accounted for 93.3%, while approx. 4.9% of sales were in other EU countries, with the remaining approx. 1.8% outside the EU. Sales outside of Italy are related to commercial activities in countries not yet subject to specific licensing contracts, by the licensee companies of the Group.

8. COST OF SALES

	H1 2015	H1 2014
Goods purchased – Overseas	32,328	26,842
Goods purchased – Italy	2,766	2,475
Samples purchased	675	558
Accessories purchased	52	43
Freight charges and accessory purchasing cost	4,447	4,030
Packaging	188	192
Changes in inventory of raw materials, ancillary, consumables and goods	(5,590)	(3,279)
Cost of outsourced logistics	2,164	2,128
Other	296	42
Total cost of sales	**37,326**	**33,031**

The “goods purchased” refer to the finished products acquired by BasicItalia S.p.A.. Sample purchases were made by BasicNet S.p.A. for resale to the licensees.

The increase in the cost of sales is commented upon in the paragraph concerning the "Proprietary licensees" segment at Note 6 above.

9. ROYALTIES AND SOURCING COMMISSIONS

"Royalties and sourcing commission" refer to royalty fees for the brand licenses in the countries where the licenses have been assigned, or recognised to authorised sourcing centres for the production and sale of group brand products by commercial licencees.

The changes in the period are commented upon in the Directors' Report.

The breakdown by region is reported below:

	H1 2015	H1 2014
Europe (EU and non-EU)	10,445	9,317
The Americas	2,430	1,751
Asia and Oceania	9,080	7,041
Middle East, Africa	1,846	1,473
Total	**23,801**	**19,582**

10. OTHER INCOME

	H1 2015	H1 2014
Rental income	191	203
Recovery of condominium expenses	102	54
Income from promo sales and other income	1,839	639
Total other income	**2,132**	**896**

The increase in the recovery of condominium expenses concerns the recharge to lessees of utility costs for previous periods only received subsequently.

"Income from promo sales" refer to income from the right to use trademarks for commercialisation of products in promotion activities, which are of a non-recurring nature. Other income includes prior year accruals' reversals, the recharge of expenses to third parties and other indemnities.

11. SPONSORSHIP AND MEDIA COSTS

	H1 2015	H1 2014
Sponsorship and marketing	6,602	6,664
Advertising	878	464
Promotional expenses	344	157
Total sponsorship and media costs	**7,824**	**7,285**

The account "sponsorship" refers to communication investments incurred directly to which the Group contributes, described in detail in the Directors' Report.

"Advertising" refers to billboard advertising and press communication campaigns. These costs increased in the half-year on the previous year, particularly in terms of K-Way brand support costs, which saw significant growth on the domestic market.

Promotional expenses concern gifts of products and advertising material, not relating to specific sponsorship contracts. The increase in the period relates to exhibitor and advertising material costs incurred by BasicItalia S.p.A. for the Italian Group brand stores, in support of the commercial operations of the network of franchised stores; this cost is therefore non-recurring.

12. PERSONNEL COSTS

	H1 2015	H1 2014
Wages and salaries	6,805	6,483
Social security charges	2,178	2,104
Post-employment benefits	418	433
Total personnel costs	**9,401**	**9,020**

The number of employees at the reporting date, by category, is reported in the table below:

	Human Resources at June 30, 2015				Human Resources at June 30, 2014			
Category	Number		Average age		Number		Average age	
	Male / Female	Total	Male / Female	Average	Male / Female	Total	Male / Female	Average
Executives	16 / 8	24	47 / 51	48	15 / 8	23	46 / 50	47
Managers	1 / -	1	53 / -	53	1 / -	1	52 / -	52
White-collar	120 / 304	424	36 / 37	37	131 / 295	426	35 / 37	36
Blue-collar	13 / 10	23	45 / 42	44	15 / 11	26	44 / 44	44
Total	150 / 322	472	38 / 37	37	162 / 314	476	37 / 37	37

The reduction in employee numbers stems from normal turn-over.

The average number of employees during the half-year was 473, broken down as 24 executives, 1 manager, 424 white-collar employees and 25 blue-collar employees.

13. SELLING, GENERAL AND ADMINISTRATIVE COSTS AND ROYALTIES EXPENSES

	H1 2015	H1 2014
Selling and royalty service expenses	4,154	3,380
Rental, accessory and utility expenses	4,955	4,538
Commercial expenses	1,666	1,198
Directors and Statutory Auditors emoluments	1,488	1,496
Doubtful debt provision	1,594	1,430
Other general expenses	4,408	4,502
Total selling, general and administrative costs, and royalties expenses	**18,265**	**16,544**

"Selling and royalty service expenses" principally include commissions to agents of the subsidiary BasicItalia S.p.A. and royalties on sports team merchandising contracts and co-branding operations. The increase is related both to higher revenues and the greater proportion of the component subject to commissions.

"Rental charges" increased following the opening of directly managed sales points in the period.

"Commercial expenses" include costs relating to selling activities, comprising product catalogue costs, trade fairs and exhibitions, communication costs for advertising campaigns, stylists, graphics and commercial and travel expenses. The increase is related to the greater commercial commitment to the K-Way brand, with commercial consultancy and events, including the 50 years commemorative event of the creation of the K-Way brand, as outlined in the Directors' Report to the present document.

"Directors and Statutory Auditors emoluments", approved by the Shareholders' AGM and the Board of Directors' meeting of April 28, 2013, are in line with the company remuneration policy, pursuant to Article 78 of Consob Regulation No. 11971/97 and thereafter and are reported in the Remuneration Report pursuant to Article 123-*ter* of the CFA which is available on the company's website www.basicnet.com Shareholder' Meeting 2015 section, to which reference should be made.

The account "other general expenses" includes legal and professional fees, bank charges, other taxes, consumption materials, hire charges, and corporate and other minor expenses. The reduction is mainly due to lower legal and professional consultant costs in the period.

14. AMORTISATION & DEPRECIATION

	H1 2015	H1 2014
Amortisation	1,583	1,374
Depreciation	1,472	1,543
Total amortisation & depreciation	**3,055**	**2,917**

Amortisation on intangible assets includes Euro 117 thousand of key-money write-down relating to some sales points closed in the period or for which the decision to close has been made, within a normal rotation of less profitable sales point in favour of the opening of new locations or more appropriate operational strategies.

15. NET FINANCIAL INCOME (CHARGES)

	H1 2015	H1 2014
Interest income	1	5
Bank interest charges	(421)	(724)
Commercial interest expenses	(17)	(10)
Interest on medium/long term loans	(484)	(495)
Property lease interest	(34)	(47)
Other	(208)	(190)
Total financial income and charges	***(1,163)***	***(1,461)***
Exchange gains	4,431	457
Exchange losses	(2,923)	(361)
Net exchange gains/(losses)	***1,508***	**96**
Total financial income/(charges)	**345**	**(1,365)**

Debt servicing charges decreased following the reduced overall bank debt.

Net exchange gains of Euro 1.5 million are reported, due to hedges (flexi-term) on the US Dollar.

16. SHARE OF PROFIT/(LOSS) OF INVESTMENTS VALUED AT EQUITY

The account, introduced following the application of *IFRS 11 – Joint arrangements*, reflects the effect on the consolidated result for the period of the valuation at equity of the joint ventures AnziBesson Trademark S.r.l. and Fashion S.r.l.. (Note 23)

17. INCOME TAXES

"Income taxes" concerns current income taxes of approx. Euro 4.7 million and approx. Euro 447 thousand of net deferred tax charges.

18. EARNINGS PER SHARE

The basic earnings per share, for H1 2015, is calculated dividing the net result attributable to the shareholders of the Group by the weighted average number of ordinary shares outstanding during the period:

(in Euro)	H1 2015	H1 2014
Net profit attributable to owners of the Parent	9,090,379	6,016,515
Weighted average number of ordinary shares	56,901,718	57,457,735
Basic earnings per ordinary share	0.1598	0.1049

At June 30, 2015 there were no "potentially diluting" shares outstanding, therefore the diluted earnings per shares coincide with the earnings per share.

The change in the weighted average number of ordinary shares outstanding between the periods relates to the number of treasury shares acquired in the period.

ASSETS

19. INTANGIBLE ASSETS

	June 30, 2015	December 31, 2014	June 30, 2014
Concessions, trademarks and similar rights	34,539	34,549	34,406
Software programmes	4,540	4,313	4,293
Other intangible assets	2,649	2,311	2,169
Industrial patents	32	11	13
Total intangible assets	**41,760**	**41,184**	**40,881**

The changes in the original costs of the intangible assets were as follows:

	Concessions, trademarks and similar rights	Software programmes	Other intangible assets	Industrial patents	Total
Historic cost at 1.1.2015	**46,722**	**35,752**	**8,186**	**53**	**90,713**
Additions	*94*	*1,175*	*554*	*24*	*1,847*
Disposals and other changes	*87*	-	-	-	*87*
Write-downs	-	-	-	-	-
Historic cost at 30.06.2015	**46,903**	**36,927**	**8,740**	**77**	**92,647**

The changes in the relative accumulated amortisation provisions were as follows:

	Concessions, trademarks and similar rights	Software programmes	Other intangible assets	Industrial patents	Total
Acc. Amort. at 1.1.2015	**(12,173)**	**(31,439)**	**(5,875)**	**(42)**	**(49,529)**
Amortisation	*(191)*	*(948)*	*(216)*	*(3)*	*(1,358)*
Disposals and other changes	-	-	-	-	-
Write-downs	-	-	-	-	-
Acc. Amort. at 30.06.2015	**(12,364)**	**(32,387)**	**(6,091)**	**(45)**	**(50,887)**

The net book value of intangible assets is reported below:

	Concessions, trademarks and similar rights	Software programmes	Other intangible assets	Industrial patents	Total
Opening net book value at January 1, 2015	**34,549**	**4,313**	**2,311**	**11**	**41,184**
Additions	*94*	*1,175*	*554*	*24*	*1,847*
Disposals and other changes	*87*	*-*	*-*	*-*	*87*
Amortisation	*(191)*	*(948)*	*(216)*	*(3)*	*(1,358)*
Write-downs	*-*	*-*	*-*	*-*	*-*
Closing net book value at June 30, 2015	**34,539**	**4,540**	**2,649**	**32**	**41,760**

The increase in "concessions, trademarks and similar rights" is due to the capitalisation of costs incurred for the registration of trademarks in new European countries, for renewals and extensions and for the purchase of software licenses. The reduction relates to the amortisation in the period of the brands Lanzera and Jesus Jeans, amortised over 20 years, as they have not yet reached a market positioning equal to those of the principal brands.

At June 30, 2015 the Kappa and Robe di Kappa brands report a book value of Euro 4 million (Euro 2.6 million net of amortisation), with the Superga brand reporting a book value of Euro 21 million (Euro 17.3 million net of amortisation); the K-Way brand was valued at Euro 8.1 million (Euro 5.5 million net of amortisation) and the Lanzera brand at Euro 1 million. The Kappa, Robe di Kappa, Superga and K-Way brands are considered intangible assets with indefinite useful life and as such are subject to an impairment test at least annually, whose results are compared with the valuations made by an independent advisor, which have repeatedly reported values comfortably in excess of book value. At June 30, 2015, there were no impairment indicators and therefore the relative tests were not carried out.

The book value of the AnziBesson brands, for which the Group is worldwide licensee, and Sabelt, for which the Group is licensee for only the "fashion" classes, held through the two joint ventures, reflects the value of the investment.

The account "software programmes" increased approx. Euro 1.2 million for investments and decreased Euro 0.9 million for amortisation in the period.

The account "other intangible assets" principally includes improvements related to the franchising project and recorded investments of Euro 0.5 million and amortisation in the period of Euro 0.2 million.

20. GOODWILL

	June 30, 2015	December 31, 2014	June 30, 2014
Goodwill	10,341	10,516	10,531
Total goodwill	**10,341**	**10,516**	**10,531**

The account "goodwill" includes the goodwill historically arising from certain European markets following the acquisition of the Spanish licensee (Euro 6.7 million) and the French licensee (Euro 1.2 million), in addition to goodwill paid for the acquisition of retail outlets, known as key money (Euro 2.4 million).

The Group verifies the recovery of the goodwill at least on an annual basis or more frequently when there is an indication of a loss in value. For the purposes of the impairment test the goodwill is allocated to the lowest cash-generating unit.

In relation to the goodwill arising on the acquisition of the two European licensees, the rather strong results reported by the Kappa brand to which they relate, exceeding the expected cash flows, confirm the absence of impairment indicators.

21. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2015	December 31, 2014	June 30, 2014
Property	22,410	22,854	23,183
Furniture and other assets	4,748	4,786	5,042
Plant and machinery	364	432	456
EDP	1,889	1,958	1,879
Industrial and commercial equipment	140	153	175
Total property, plant and equipment	**29,551**	**30,183**	**30,735**

The changes in the historical cost of property, plant and equipment were as follows:

	Property	Furniture and other assets	Plant and machinery	EDP	Industrial and commercial equipment	Total
Historical cost at 1.1.2015	**34,671**	**13,278**	**1,254**	**12,183**	**844**	**62,230**
Additions	*17*	*515*	*47*	*338*	*8*	*925*
Disposals and other changes	-	*(615)*	*(57)*	*(102)*	-	*(774)*
Historical cost at 30.06.2015	**34,688**	**13,178**	**1,244**	**12,419**	**852**	**62,381**

The changes in the relative accumulated depreciation provisions were as follows:

	Property	Furniture and other assets	Plant and machinery	EDP	Industrial and commercial equipment	Total
Acc. Deprec. at 1.1.2015	**(11,817)**	**(8,492)**	**(822)**	**(10,225)**	**(691)**	**(32,047)**
Depreciation	*(461)*	*(513)*	*(78)*	*(399)*	*(21)*	*(1,472)*
Disposals and other changes	-	*575*	*20*	*94*	-	*689*
Acc. Deprec. at 30.06.2015	**(12,278)**	**(8,430)**	**(880)**	**(10,530)**	**(712)**	**(32,830)**

The net book value of property, plant and equipment was as follow:

	Property	Furniture and other assets	Plant and machinery	EDP	Industrial and commercial equipment	Total
Opening net book value at January 1, 2015	**22,854**	**4,786**	**432**	**1,958**	**153**	**30,183**
Additions	*17*	*515*	*47*	*338*	*8*	*925*
Depreciation	*(461)*	*(513)*	*(78)*	*(399)*	*(21)*	*(1,472)*
Disposals and other changes	-	*(40)*	*(37)*	*(8)*	-	*(85)*
Closing net book value at June 30, 2015	**22,410**	**4,748**	**364**	**1,889**	**140**	**29,551**

"Property" includes the value of the buildings at Strada della Cebrosa 106, Turin, headquarters of BasicItalia S.p.A. and at Largo Maurizio Vitale 1, Turin, headquarters of the Parent Company. The increase in the property account is due to improvements undertaken during the period.

Total gross investments in the period amounted to Euro 0.9 million, principally relating to the acquisition of furniture and EDP for the opening of new stores.

22. EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS

	June 30, 2015	December 31, 2014	June 30, 2014
Investments in other companies	-	2	1
Total investments	-	***2***	***1***
Other receivables, guarantees	225	295	306
Total financial receivables	***225***	***295***	***306***
Total equity investments and other financial assets	**225**	**297**	**307**

"Other receivables" principally refer to deposits on real estate property.

23. INTERESTS IN JOINT VENTURES

	June 30, 2015	December 31, 2014	June 30, 2014
Investments in:			
- Joint ventures	260	399	447
Total investments in joint ventures	**260**	**399**	**447**

Investments in joint ventures concern the value of the investment in AnziBesson S.r.l. and in Fashion S.r.l., both held 50%. These investments were valued at equity from January 1, 2014 as per IFRS 11.

The change in the period reflects the valuations made in view of the more contained commercial operations of the two companies and consequently of the results for the period.

24. DEFERRED TAX ASSETS

The "deferred tax assets" are reported net of deferred tax liabilities:

	June 30, 2015	December 31, 2014	June 30, 2014
Deferred tax assets	-	26	375
Total deferred tax assets	**-**	**26**	**375**

Reference should be made to the comment at Note 35 of the present Report.

25. NET INVENTORIES

	June 30, 2015	December 31, 2014	June 30, 2014
Finished products and goods	54,796	49,510	53,911
Inventory obsolescence provision	(2,909)	(3,213)	(2,766)
Total net inventories	**51,887**	**46,297**	**51,145**

Finished inventories include goods in transit at the statement of financial position date which at June 30, 2015 amount to approx. Euro 7.2 million compared to Euro 8.4 million at June 30, 2014, goods held at Group brand stores for Euro 8.8 million, compared to Euro 9 million at June 30, 2014 and goods to be shipped against orders, to be delivered at the beginning of the following period, for Euro 9.9 million compared to Euro 7.3 million at June 30, 2014.

Inventories are valued under the weighted average cost method and net of the obsolescence provision considered reasonable for their prudent valuation, which recorded the following changes during the period:

	June 30, 2015	June 30, 2014
Inventory obsolescence provision at 1.1	**3,213**	**2,363**
Provisions in the period	100	683
Utilisations	(404)	(280)
Inventory obsolescence provision at 30.06	**2,909**	**2,766**

26. TRADE RECEIVABLES

	June 30, 2015	December 31, 2014	June 30, 2014
Gross value	50,422	49,615	51,707
Doubtful debt provision	(5,974)	(5,687)	(4,926)
Total trade receivables	**44,448**	**43,928**	**46,781**

All amounts are due within 12 months. The receivables are recorded at their realisable value through a doubtful debt provision based on estimated losses on disputes and/or overdue receivables as well as a general provision.

The movements during the period were as follows:

	June 30, 2015	June 30, 2014
Doubtful debt provision at 1.1	**5,687**	**6,406**
Provisions in the period	1,594	1,430
Utilisations	(1,307)	(2,910)
Doubtful debt provision at 30.06	**5,974**	**4,926**

The provision in the period, indicated at Note 13, increased on H1 2014 following the increased allocation to cover the statistical risk of insolvency. Utilisations in the period concern provisions made in previous periods on specific positions for which losses were verified in the period; the utilisation is therefore not related to the performance in the period. The greater utilisations in the first half of 2014 related to a number of significant debt positions, arising and provisioned in 2010, whose declaration of bankruptcy was only announced in 2014.

27. OTHER CURRENT ASSETS

	June 30, 2015	December 31, 2014	June 30, 2014
Tax receivables	11,412	10,785	12,774
Other receivables	1,924	2,720	3,072
Total other current assets	**13,336**	**13,505**	**15,846**

"Tax receivables" principally include VAT receivables of Euro 4.4 million, corporate income taxes paid on account of Euro 1.4 million and withholding taxes on royalties of Euro 5.7 million.

The account "other receivables" principally includes payments to suppliers (Euro 35 thousand) and the premium paid to the insurance company against Directors Termination Indemnities for Euro 1.2 million and other minor receivables.

28. PREPAYMENTS

	June 30, 2015	December 31, 2014	June 30, 2014
Expenses pertaining to future Collections	3,857	4,365	3,809
Sponsorship and media	830	1,782	1,980
Other	1,135	697	1,001
Total prepayments	**5,822**	**6,844**	**6,790**

The “expenses pertaining to future collections” concern part of the design and manufacturing costs of collections to be sold subsequently, for which the corresponding revenues have not yet accrued.

The “sponsorship costs” relate to the annual amount contractually defined by the parties, which is partially invoiced in advance during the sports season, compared to the timing of the services.

The “other prepayments” include various costs for samples, services, utilities, insurance and other minor amounts incurred by the companies of the Group.

29. CASH AND CASH EQUIVALENTS

	June 30, 2015	December 31, 2014	June 30, 2014
Bank and post office deposits	4,380	3,943	4,730
Cash in hand and similar	57	71	65
Total cash and cash equivalents	**4,437**	**4,014**	**4,795**

“Bank deposits” refer to temporary current account balances principally due to receipts from clients. In particular, they are held at: BasicNet S.p.A. (Euro 0.7 million), BasicItalia S.p.A. (Euro 2.7 million), BasicRetail S.r.l. (previously BasicOutlet S.r.l.) and, for the difference, the other Group companies (Euro 0.5 million).

30. FINANCIAL INSTRUMENTS - DERIVATIVES

	June 30, 2015	December 31, 2014	June 30, 2014
Financial instruments - derivatives	2,049	1,182	96
Total financial instruments - derivatives	**2,049**	**1,182**	**96**

The account includes the market value at June 30, 2015 of the currency hedge instruments on US Dollars (cash flow hedge), subscribed with primary credit institutions; the instrument utilised, called flexi term, operates in the form of forward currency purchases on a portion of the estimated currency needs for the purchase of goods on foreign markets, to be made in 2015 and 2016, on the basis of the goods orders already sent to suppliers, or still to be made but included in the budget. At June 30, 2015, commitments were in place on estimated future purchases, for USD 46.2 million, divided into 21 operations with variable maturities in the second half of 2015 (for USD 9.5 million) and in 2016 (for USD 36.7 million), at fixed exchange rates between USD/Euro 1.29 and USD/Euro 1.09. During H1 2015, forward purchase operations were utilised for approx. USD 20 million and the relative effects were recognised to the income statement.

SHAREHOLDERS' EQUITY & LIABILITIES

31. SHAREHOLDERS' EQUITY

	June 30, 2015	December 31, 2014	June 30, 2014
Share capital	31,717	31,717	31,717
Treasury shares	(7,776)	(6,875)	(6,227)
Other reserves	53,093	43,432	41,816
Net Profit	9,090	12,437	6,017
Minority interests	-	-	-
Total Net Equity	**86,124**	**80,711**	**73,323**

The "share capital" of the Parent Company, amounting to Euro 31,716,673.04, is divided into 60,993,602 ordinary shares of Euro 0.52 each, fully paid-in.

During the H1 2015, 293,000 treasury shares were acquired in accordance with Shareholders' Meetings motions, as illustrated in the Directors' Report, which together with the 3,940,000 shares held at the end of the previous year, totalled 4,233,000 at June 30, 2015 (6.94% of the Share Capital).

The other gains and losses recorded directly to equity in accordance with *IAS 1 – Presentation of financial statements* are reported below.

	June 30, 2015	June 30, 2014	Changes
Effective part of the Gains/(losses) on cash flow instruments generated in the period (currency hedges)	644	311	333
Effective part of the Gains/(losses) on cash flow instruments generated in the period (interest rate hedges)	275	(26)	301
Effective part of the Gains/losses on cash flow hedge instruments	***919***	***285***	***634***
Re-measurement of defined benefit plans (IAS 19)	116	(140)	256
Gains/(losses) from translation of accounts of foreign subsidiaries	457	48	409
Tax effect relating to the Other items of the comprehensive income statement	(285)	(40)	(245)
Total other gains/(losses), net of tax effect	**1,207**	**153**	**1,054**

The tax effect relating to Other gains/(losses) is as follows:

	June 30, 2015			June 30, 2014		
	Gross value	Tax Charge/ Benefit	Net value	Gross value	Tax Charge/ Benefit	Net value
Effective part of Gains/losses on cash flow hedge instruments	919	(253)	666	285	(78)	207
Gains/losses for re-measurement of defined benefit plans (IAS 19)	116	(32)	84	(140)	38	(102)
Gains/(losses) from translation of accounts of foreign subsidiaries	457	-	457	48	-	48
Total other gains/(losses), net of tax effect	**1,492**	**(285)**	**1,207**	**193**	**(40)**	**153**

32. PROVISIONS FOR RISKS AND CHARGES

	June 30, 2015	December 31, 2014	June 30, 2014
Provisions for risks and charges	28	43	36
Total provisions for risks and charges	**28**	**43**	**36**

The provision for risks and charges relates to the Agents Termination Indemnity Provision (FIRR) in BasicItalia S.p.A.. The reduction follows the settlement of a number of positions in the period.

33. LOANS

The changes in the loans during the period are shown below:

	31/12/2014	Repayments	New loans	30/06/2015	Short-term portion	Medium/long-term portion
Intesa loan	-	-	15,000	15,000	(3,750)	11,250
"Superga" medium/long term loan	1,781	(1,188)	-	593	(593)	-
Basic Village property loan	9,300	(600)	-	8,700	(1,200)	7,500
BasicItalia property loan	3,560	(204)	-	3,356	(407)	2,949
UBI Banca loan	4,821	(1,071)	-	3,750	(2,143)	1,607
Balance	**19,462**	**(3,063)**	**15,000**	**31,399**	**(8,093)**	**23,306**

The maturity of the long-term portion of loans is highlighted below:

	June 30, 2015	**December 31, 2014**	**June 30, 2014**
Medium/long term loans:			
- due within 5 years	12,186	10,712	11,676
- due beyond 5 years	11,120	3,219	4,724
Total medium/long loans	***23,306***	***13,931***	***16,400***
Leasing payables	1,666	1,761	1,972
Total leasing payables (maturity within 5 years)	***1,666***	***1,761***	***1,972***
Total loans	**24,972**	**15,692**	**18,372**

The medium/long-term loans are comprised for Euro 7.5 million of the residual value of the loan provided by the Capitalia Group (now Unicredit Group) for the purchase of the building "Basic Village" located at Largo Maurizio Vitale, 1, Turin ("Basic Village Property Loan"), for Euro 2.9 million of the residual loan from Mediocredito Italiano S.p.A. (Banca Intesa Sanpaolo S.p.A. Group) for the purchase of the building of BasicItalia S.p.A. located at Strada Cebrosa, 106 ("BasicItalia Property Loan"), for Euro 1.6 million the residual loan from Unione Banche Italiane ScpA in June 2013 ("UBI Banca Loan") and for Euro 11.2 million the Intesa Sanpaolo loan issued in April 2015.

The "Basic Villlage property loan" granted by the Unicredit Group was for the acquisition of the building "Basic Village" at Largo M. Vitale 1, Turin. The loan was granted in September 2007 for Euro 18 million at a variable rate converted into a fixed rate (Note 42). Against this loan there is a mortgage on the property and a guarantee from the parent company BasicNet S.p.A. with maturity in September 2022.

The "BasicItalia Loan" granted by Banca Intesa Sanpaolo S.p.A. was for the purchase of the building "BasicItalia" at Strada Cebrosa 106, Turin. The loan was granted in October 2008 for Euro 6 million with repayment of the capital in fifty-nine quarterly constant instalments and maturity at September 2023. The loan is guaranteed by a mortgage on the property and by a guarantee from the parent company BasicNet S.p.A..

The "UBI Banca loan" was granted at the end of June 2013 by Unione Banche Italiane ScpA for an amount of Euro 7.5 million at a variable rate, with repayment of capital in 14 quarterly instalments and maturity at December 2016.

The contractual conditions provide for compliance with financial covenants annually, fully complied with, as follows:

Financial condition		**Covenants at June 30, 2015**	**Actual at June 30, 2015**
NFP/EBITDA	≤	3.5	1.24
NFP/NE	≤	1.0	0.51

The contractual conditions also provide for disclosure and general obligations for the loans, in addition to compliance with the current shareholder structure with the bank having the right to require repayment in the case where the current shareholder holds directly or indirectly less than 30% of the share capital of BasicNet S.p.A..

The loan for the acquisition of the Superga brand ("Superga Loan") of the Group was settled on July 16, 2015 and therefore the remaining instalment was recorded under short-term debt.

In April 2015, Banca Intesa Sanpaolo issued a loan of Euro 15 million of four-year duration, repayable in quarterly instalments at a quarterly Euribor rate plus 185 basis points. In July 2015, the variable Euribor rate was converted (under an interest rate swap) into a fixed rate of 0.23% annually.

The loan will support developmental investments, in addition to optimising the duration of loans undertaken. It is guaranteed by a pledge on Superga Trademark SA shares, to be undertaken on the release of the preceding restriction on the maturing Superga Loan.

The contractual conditions do not include financial covenants. In addition, the loan contract stipulates the maintenance of a number of ownership conditions concerning BasicWorld S.r.l., the majority shareholder of BasicNet S.p.A., and BasicNet S.p.A.. Specifically:

- the maintenance by Mr. Marco Daniele Boglione (either directly or indirectly) of at least 51% of the share capital of Basic World S.r.l., a company which holds 36.479% of BasicNet S.p.A. shares and is the largest shareholder;
- that the total shareholding, direct or indirect, of BasicWorld S.r.l. in the share capital of BasicNet S.p.A., does not reduce under the above-cited stake;
- the maintenance, either directly or indirectly, by BasicNet S.p.A. of full ownership of Superga Trademark S.A..

At June 30, 2015 the credit lines available from the banking system (bank overdrafts, commercial advances, medium/long-term loans, import financing, leasing and letters of credit), amounted to Euro 135.9 million, broken down as follows:

(in Euro millions)	**June 30, 2015**	**June 30, 2014**
Cash facility	81.2	71.3
Factoring	1.5	1.5
Letters of credit and swaps	18.2	13.6
Medium/long term loans	31.4	22.5
Property leases	3.6	5.0
Total	**135.9**	**113.9**

The average interest paid for the BasicNet Group in the period is reported in Note 37.

34. EMPLOYEE AND DIRECTOR BENEFITS

The account includes the post-employment benefits for employees of Euro 2.4 million and the termination indemnities of Directors of Euro 1.2 million, as described previously (Note 27).

The changes in the period of the post-employment benefit liability were as follows:

	June 30, 2015			June 30, 2014		
	Defined benefit plans	**Defined contribut. plans**	**Total**	**Defined benefit plans**	**Defined contribut. plans**	**Total**
Change in the statement of financial position:						
Net liabilities recognised at the beginning of the period	2,573	-	2,573	2,486	-	2,486
Interest	24	-	24	34	-	34
Pension cost, net of withholdings	37	367	404	14	410	424
Benefits paid	(86)	-	(86)	(131)	-	(131)
Payments to the INPS treasury fund	-	(310)	(310)	-	(368)	(368)
Payments to other supplementary pension fund	-	(57)	(57)	-	(42)	(42)
Actuarial gain/(loss)	(116)	-	(116)	140	-	140
Net liabilities recognised in the accounts	**2,432**	**-**	**2,432**	**2,543**	**-**	**2,543**
Change in the income statement:						
Interest	24	-	24	34	-	34
Pension Cost	41	367	408	16	410	426
Total charges/(income) for post-employment benefits	**65**	**367**	**432**	**50**	**410**	**460**

The account "defined benefit plans" includes the present value of the liabilities in the Italian companies of the Group towards employees in accordance with Article 2120 of the Civil Code. Based on the regulatory changes in 2007, the sums matured prior to January 1, 2007 to employees are recognised as defined benefit plans in accordance with *IAS 19 – Employee benefits*; those matured subsequent to this date are on the other hand recognised as defined contribution plans in accordance with the same standard.

Within the Group there are no other defined benefit plans.

The actuarial valuation of the Post-Employment Benefit is prepared based on the "matured benefits" method through the Projected Unit Credit Method in accordance with IAS 19. Under this method the valuation is based on the average present value of the pension obligations matured based on the employment service up to the time of the valuation, without projecting the remuneration of the employee in accordance with the regulatory modifications introduced by the Pension Reform.

The revaluations of the amounts at the option date for all of the companies and the benefits matured and not allocated to complementary pension schemes for businesses with less than 50 employees are recorded under post-employment benefit. In accordance with IAS 19, this provision was recorded as a "Defined benefit plans".

The actuarial model for the measurement of the post-employment benefit is based on various assumptions of a demographic and financial nature. The principal assumptions of the model concerning the actuarial valuations relating to personnel costs are:

	June 30, 2015	December 31, 2014
Discount rate	2.39%	1.86%
Inflation rate:		
for 2015	0.60%	0.60%
for 2016	1.20%	1.20%
for 2017 and 2018	1.50%	1.50%
from 2019	2.00%	2.00%
Annual increase in post-employment benefit		
for 2015	1.95%	1.95%
for 2016	2.40%	2.40%
for 2017 and 2018	2.63%	2.63%
from 2019	3.00%	3.00%
Annual increase in salaries	1%	1-3%

The change in the annual discount rate reflects the increase in the yields of the "corporate bonds" of the basket utilised (Iboxx Eurozone Corporate) at the statement of financial position date.

35. DEFERRED TAX LIABILITIES

	June 30, 2015	December 31, 2014	June 30, 2014
Deferred tax liabilities	706	-	-
Total deferred tax liabilities	**706**	**-**	**-**

Deferred tax assets and liabilities are calculated on all the temporary differences arising between the book value in the consolidated financial statements and their assessable amount for tax purposes. The change in deferred tax liabilities, net of assets, was Euro 732 thousand and relates for Euro 307 thousand to the release of receivables for deferred tax assets provisioned in previous years, principally as a result of the greater usage in the period of the doubtful debt and inventory obsolescence provisions and for Euro 425 thousand principally from deferred taxes on the amortisation of brands and on derivative financial instruments. The individual effects are reported in the table below:

	June 30, 2015			December 31, 2014			
	Amount of temporary differences	Rate %	Tax effect	Amount of temporary differences	Rate %	Tax effect	Changes 2015/2014
Deferred tax assets:							
- Excess doubtful debt provision not deductible	(4,494)	27.50	(1,236)	(5,056)	27.50	(1,391)	155
- Inventory obsolescence provision	(2,908)	31.40	(828)	(3,213)	31.40	(911)	83
- ROL surplus	(1,714)	27.50	(471)	(1,769)	27.50	(487)	16
- Charges temporarily non-deductible	(2,133)	31.40	(670)	(2,319)	31.40	(700)	30
- Effect IAS 19 – Employee Benefits	(71)	27.50	(20)	(155)	27.50	(43)	23
Total	**(11,320)**		**(3,225)**	**(12,512)**		**(3,532)**	**307**
Deferred tax liabilities:							
- Net realised exchange differences	332	27.50	91	589	27.50	162	(71)
- Amortisation/Depreciation tax basis	6,686	31.40	2,099	5,598	31.40	1,758	341
- Effect IAS 38 – plant costs	6	31.40	4	5	31.40	4	-
- Effect of IAS 17 - finance leases and other tax differences on buildings	2,652	31.40	835	3,063	31.40	962	(127)
- Effect IAS 39 – financial instruments	457	27.50	126	(463)	27.50	(127)	253
- Effect IFRS 3 – goodwill amortisation	2,470	31.40	776	2,378	31.40	747	29
Total	**12,603**		**3,931**	**11,170**		**3,506**	**425**
Net deferred tax liability (asset)	**1,283**		**706**	**(1,342)**		**(26)**	**732**
Deferred tax asset relating to fiscal losses	-	27.50		-	27.50		-
Deferred tax charge/(income) as per financial statements			**706**			**(26)**	**732**

The derivatives defined as cash flow hedges and valued at fair value result in the relative tax being recorded directly in the "comprehensive income statement" and not in the "income statement". The value totals Euro 0.1 million.

The same treatment is adopted for the tax effect relating to the actuarial gain/losses, recorded since January 1, 2013, in accordance with IAS 19 Revised.

36. OTHER NON-CURRENT LIABILITIES

	June 30, 2015	December 31, 2014	June 30, 2014
Guarantee deposits	1,053	1,187	812
Total other non-current liabilities	**1,053**	**1,187**	**812**

The "guarantee deposits" include the guarantees received from licensees, to cover the minimum royalties guaranteed contractually.

37. BANK PAYABLES

	June 30, 2015	December 31, 2014	June 30, 2014
Bank payables due within one year:			
- short-term portion of medium/long-term loans	8,093	5,531	6,125
- bank overdrafts and bills	7,159	12,277	12,101
- import advances	7,917	16,086	16,247
Total bank payables	**23,169**	**33,894**	**34,473**

The portion of medium/long-term loans due within one year is included under short-term bank debt as described in Note 33.

The changes in the financial position are commented upon in the Directors' Report. Interest due matured at the end of the year on short and medium/long-term loans is reported in the account bank payables.

Cash advances refer to temporary utilisation by the Parent Company BasicNet S.p.A., for Group treasury needs.

The financial debt by interest rate at June 30, 2015 is as follows:

	Interest Rate			
	Below 3%	**Between 3% and 5%**	**Between 5% and 6.4%**	**Total**
Cash advances	2,045	121	61	2,227
Bill advances	2,157	803	-	2,960
Import advances	1,906	7,918	-	9,824
M/L loans	18,355	3,750	9,294	31,399
Leasing	280	436	950	1,666
Total	**24,744**	**13,028**	**10,305**	**48,077**

38. TRADE PAYABLES

The "trade payables" are payable in the short-term and decreased by approx. Euro 5.3 million compared to June 30, 2014. At the date of the present report there are no initiatives for the suspension of supplies, payment injunctions or executive actions by creditors against BasicNet S.p.A. or other companies of the Group.

Trade payables are normally settled between 30 and 120 days. The book value of trade payables equates the relative fair value.

39. TAX PAYABLES

The breakdown of this account is shown in the following table:

	June 30, 2015	December 31, 2014	June 30, 2014
Tax payables:			
Income taxes	10,293	5,818	5,432
Withholding taxes	86	60	62
Employee contributions	464	469	549
Non-recurring tax charge	5,486	8,877	12,353
Group VAT	4,634	6,941	10,305
Total tax payables	**20,963**	**22,165**	**28,701**

Current tax payables include provisions for IRES and IRAP to be settled at the reporting date. The balance at June 30 includes income taxes provisioned at the end of the previous year, to be settled in the second half of the subsequent year and the estimate of income taxes payable on assessable income in the half-year. The increase is due to higher income in the period. At June 30, 2014, the amount included income taxes for the period of Euro 3.3 million and Euro 2.1 million as the 2013 balance. At June 30, 2015 the income tax payable in the half-year amounted to Euro 4.5 million and the payable against the 2014 balance was Euro 5.8 million.

The non-recurring tax charges concern the total payable to the Tax Agency, definitively established in May 2014 following the notification of the final tax assessments which the Group settled on appeal in 2012, against which a sufficient provision had been made. The payable, which benefits from quarterly repayments for three years, amounts to Euro 5.5 million. This amount corresponds to a net payment of Euro 4 million, considering the VAT receivables of Euro 1.5 million, included in the Tax Receivables account (Note 27), whose recovery is correlated to the above-mentioned instalments, broken down as follows:

- second half of 2015: Euro 2.1 million;
- FY 2016: Euro 1.5 million;
- FY 2017: Euro 0.4 million.

40. OTHER CURRENT LIABILITIES

	June 30, 2015	December 31, 2014	June 30, 2014
Accrued expenses	82	619	122
Other payables	8,305	6,856	7,806
Total other current liabilities	**8,387**	**7,475**	**7,928**

The account “accrued expenses” principally includes deferred employee remuneration.

The “other payables” at June 30, 2015 principally include employee remuneration and expenses (Euro 4 million), payable in the subsequent month, related social security charges (Euro 1 million), other related liabilities (Euro 0.4 million), royalty payment on accounts from licensees (Euro 0.2 million) and other miscellaneous amounts Euro (2.7 million).

41. DEFERRED INCOME

	June 30, 2015	December 31, 2014	June 30, 2014
Royalties	-	630	1,017
Sponsored goods revenues	319	1,186	647
Other deferred income	75	32	38
Total deferred income	**394**	**1,848**	**1,702**

The "sponsored goods revenues" relates to the invoicing of sponsored merchandise, which contractually partially refers to the period after the reporting date, with corresponding prepayments recorded under assets for sponsoring costs.

42. FINANCIAL INSTRUMENTS - DERIVATIVES

	June 30, 2015	December 31, 2014	June 30, 2014
Financial instruments - derivatives	1,593	1,645	1,849
Total financial instruments - derivatives	**1,593**	**1,645**	**1,849**

The account includes the adjustments to market value of the interest rate hedging operations on the medium-long-term "Superga loan" and on the Basic Village property loan (Note 33), signed with leading financial counterparties, which converted the variable interest rates into fixed interest rates, respectively at 6.36% and 6.04% (cash flow hedge).

An negative equity reserve was recorded of approx. Euro 666 thousand, net of the tax effect.

In the case of the Interest Rate Swap (IRS) agreed by the Group, the specific hedge of the variable cash flow realised at market conditions, through the signing of the fix/flo IRS perfectly hedges the item to which the original cash flows stem, as in this case, and continues to be effective.

43. GUARANTEES GIVEN

With reference to the guarantees and commitments of the Group with third parties reference should be made to Note 33.

In February 2010 the Intesa Sanpaolo S.p.A. Group and BasicItalia S.p.A. signed an agreement which would permit access to subsidised finance for the start-up of franchising stores of the Group, against which a portion of the loan is guaranteed and the purchase of assets in leasing in the case of non-compliant of the store owner. For its part, BasicItalia S.p.A. has the contractual right to sub-enter into the management of the stores, in the event that the store owner does not comply with the loan and leasing repayments. At June 30, 2015 the deposit amounted to Euro 324 thousand and leasing guarantees amount to Euro 1.6 million.

In accordance with that outlined above guarantees were granted of Euro 1.3 million by credit institutions in favour of the lessees of the stores of BasicItalia S.p.A., RdK0 S.r.l. and BasicRetail S.r.l. (previously BasicOutlet S.r.l.) directly undertaking retail sales of the Group products.

Further commitments were undertaken by the subsidiary BasicItalia S.p.A. relating to the opening of import credit documentation for goods, through some Credit Institutions, totalling Euro 24.8 million (Euro 17.4 million at June 30, 2014).

44. CLASSIFICATION OF THE FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The principal risks and uncertainties of the Group activities are described in the Directors' Report.

The financial instruments of the BasicNet Group include:

- cash and cash equivalents and bank overdrafts;
- medium/long-term loans and lease financing;
- derivative financial instruments;
- trade payables and receivables.

It is recalled that the Group only subscribes to cash flow hedges, to hedge against interest and currency risks.

In accordance with the requirements of IFRS 7 in relation to financial risks, the types of financial instruments present in the financial statements, with indication of the valuation criteria applied, are reported below:

	Financial instruments at fair value recorded through:		Financial instruments at amortised cost	Non listed investments; valued at cost	Book value at 30.06.2015
	P&L	Shareholders' Equity			
Assets:					
Equity invest. & other financial assets	-	-	-	225	**225**
Trade receivables	-	-	44,448	-	**44,448**
Other current assets	-	-	13,336	-	**13,336**
Financial instruments (currency risk)	-	2,049	-	-	**2,049**
Liabilities:					
Bank payables	-	-	23,169	-	**23,169**
Medium/long term loans	-	-	24,972	-	**24,972**
Trade payables	-	-	32,995	-	**32,995**
Other current liabilities	-	-	8,387	-	**8,387**
Financial instruments (interest rate risk)	-	1,593	-	-	**1,593**

The financial risk factors, identified at *IFRS 7 – Financial instruments*: *additional disclosures*, are described below:

- the risk that the fair value or the future cash flows of a financial instrument fluctuate following changes in market prices ("*market risk*"). The market risk includes the following risks: price, currency and interest rates:
  a. the risk that the fair value or the future cash flows of a financial instrument fluctuate following changes in market prices (other than changes determined from interest rate or currency risk), whether the changes are determined by specific factors related to the financial instrument or its issuer, or whether it is due to factors which influence all similar financial instruments traded on the market *("price risk");*
  b. the risk that the fair value or the future cash flows of a financial instrument fluctuate following changes in currency prices ("*currency risk*");

c. the risk that the fair value or the future cash flows of a financial instrument fluctuate following changes in market interest rates ("*interest rate risk*");

- the risk that one of the parties that signs a contract of a financial nature does not comply with an obligation ("*credit risk*");
- the risk that an entity has difficulty in complying with the obligations associated with the financial liabilities *("liquidity risk");*
- the risk that the loans within the companies of the Group contain clauses which allow the counterparties to request the creditor on the occurrence of certain events or circumstances the immediate repayment of the sums granted and not yet due, generating a liquidity risk *("default risk").*

Price risk

The Group is exposed to the risk of fluctuations of commodity prices relating to raw materials (wool, cotton, rubber, synthetic fibre etc.) incorporated in the finished products which BasicItalia S.p.A. acquires on international markets, as well as fluctuations in the cost of oil which influences transport costs.
The Group does not hedge these risks as not directly dealing with raw materials but only finished products and is exposed for the part of the increase which cannot be transferred to the final consumer if the market and competitive conditions do not permit such.

Currency risk

The BasicNet Group has subscribed the majority of its financial instruments in Euro which corresponds to its functional and presentation currency. Operating on the international market the group is also exposed to fluctuations in exchange rates, principally the US Dollar against the Euro.

At June 30, 2015, unrealised exchange gains were recorded of Euro 496 thousand, while unrealised exchange losses were recorded of Euro 164 thousand, for a net exchange gain of Euro 332 thousand.

At the interim reporting date, hedging operations on US Dollar fluctuations were in place, as described at Note 30.

Group Management considers that the management and containment polices adopted for this risk are adequate.

All medium/long-term loans and leasing contracts are in Euro, therefore they are not subject to any currency risk.

Interest rate risk

The composition of the gross financial debt between fixed and variable interest rates at June 30, 2015 is shown below:

	June 30, 2015	**%**	**June 30, 2014**	**%**
Fixed rate	9,419	19.6%	13,001	24.6%
Variable rate	38,722	80.4%	39,844	75.4%
Gross debt	**48,141**	**100.0%**	**52,845**	**100.0%**

The interest rate fluctuation risks of some medium/term loans were hedged with conversion of the variable rate into fixed rates, as described in Note 42. As indicated in Note 33, the interest rate on the loan issued by Intesa Sanpaolo for Euro 15 million was converted from a variable to a fixed rate in July 2015. On the remaining part of the debt, the Group is exposed to fluctuation risks.

Where at June 30, 2015 the interest rate on long/term loans at that date were 100 basis points higher (or lower) compared to the actual rates, there would be a higher financial charges (lower), before the tax effect, respectively of Euro +101 thousand and Euro -101 thousand.

Credit Risk

The doubtful debt provision (Note 26) which includes provisions against specific credit positions and a general provision on an historical analysis of receivables, represents approx. 12.7% of trade receivables at June 30, 2015.

Liquidity risk

The liquidity risk is:

- mitigated in the short-term period by the significant generation of cash realised by the "licenses and trademarks" segment, by the significant positive net working capital, and by the overall credit lines provided by the banking system (Note 33);
- worsened by the financial effects deriving from the settlement with the Tax Administration, which results in a financial payment of Euro 4 million concluding in the first half of 2017, having already paid Euro 13.4 million at June 30, 2015. The possibility to make the payments in quarterly instalments over the next three years permits compliance with the scheduled payments through the generation of cash deriving from operating activities.

The table below illustrates the cash flow timing of payments on medium/long-term debt.

	Book value	Future interest income/(expense)	Contractual cash flows	Within 1 year	From 1 to 5 years	Over 5 years
Medium/long-term portion of Intesa San Paolo loan	15,000	597	15,597	4,001	11,596	-
Superga medium/long term loan	594	10	604	604	-	-
UBI Banca loan	3,750	161	3,911	2,269	1,642	-
BasicVillage property loan	8,700	2,000	10,700	1,707	7,424	1,569
BasicItalia property loan	3,356	362	3,718	488	2,286	944
Lease payables	1,666	162	1,828	757	1,071	-
Total financial liabilities	**33,066**	**3,292**	**36,358**	**9,826**	**24,019**	**2,513**

Default risk and debt covenants

The covenants are described in detail in Note 33 and at June 30, 2015 were all complied with.

45. CONTINGENT LIABILITIES/ASSETS

The BasicNet Group is involved in some legal disputes of a commercial nature which are not expected to give rise to significant liabilities.

A.S. Roma contract termination

The dispute was taken by BasicItalia S.p.A. against A.S. Roma S.p.A. and Soccer S.a.s. Brand Manager S.r.l., which on November 23, 2012 communicated the unilateral advance resolution of the team sponsorship, agreed with duration until June 30, 2017, for presumed non-compliance and, in particular, defects in the materials supplied. BasicItalia S.p.A., considering the reasons for the resolution unfounded, instigated an ordinary court procedure requesting compensation for significant damage incurred. A.S. Roma S.p.A. and Soccer S.a.s. appealed against the request of BasicItalia S.p.A. and counterclaimed requesting compensation for presumed damage. The proceedings are currently in the preliminary stages.

In addition, following the above termination of the contract, A.S. Roma sought to enforce payment of the surety granted by BNL S.p.A. in favour of BasicItalia S.p.A. for a maximum amount of Euro 5.5 million which guaranteed commitments undertaken by BasicItalia S.p.A. under the sponsorship agreement. Following the non-payment by BNL S.p.A., A.S. Roma petitioned the Rome Court to enforce a payment order against BNL for the full guaranteed amount. As a result of this procedure, in which BasicItalia S.p.A. (together with the parent company BasicNet S.p.A.) was joined as a party by BNL, the Rome Court, with judgement of December 7, 2013, rejected all applications by A.S. Roma, considering the enforcement illegitimate.

This sentence was not challenged by A.S. Roma and the sentence is final. On December 20, 2013, A.S. Roma again requested payment of the above-mentioned surety and, following the refusal of BNL to meet this new request, presented an appeal before the Rome Court on February 20, 2014. With judgement of December 15, 2014, the Rome Court rejected all requests made by A.S. Roma. A.S. Roma appealed against this decision before the Rome Appeals Court with subpoena dated February 10, 2015. The hearing, fixed for June 8, 2015, was postponed to June 10, 2015. On June 8, 2015, both BasicItalia S.p.A. and BNL put forward the rejection of the appeal and the confirmation of the first level judgment. The hearing held on June 10, 2015 sent the case for the establishment of conclusions on July 4, 2018.

Finally, we report that BasicItalia S.p.A. presented, also to the Rome Court, an injunction decree in order to attain from Soccer S.a.s. di Brand Manager S.r.l. (an A.S. Roma S.p.A. Group company) the payment of invoices issued for the supply of technical material delivered during 2013. Following the granting of the injunction decree, Soccer S.a.s. di Brand Manager S.r.l. appealed the decision and the relative procedure, to which BasicItalia is also party. These proceedings are currently also in the preliminary stages.

46. INTERCOMPANY TRANSACTIONS AND TRANSACTIONS WITH RELATED COMPANIES

The transactions between the Parent Company and its subsidiaries and between the subsidiaries were within the normal operating activities of the Group and were concluded at normal market conditions. The statement of financial position and income statement effects of the transactions are eliminated in the consolidation process. Based on the information received from the companies of the Group there were no atypical or unusual operations.

BasicNet S.p.A., and as consolidating companies, BasicItalia S.p.A., RdK0 S.r.l., BasicRetail (previously BasicOutlet S.r.l.), Basic Village S.p.A. and Jesus Jeans S.r.l. have adhered to the national fiscal regime as per Article 177/129 of the CFA.

The transactions with related parties for the period ended June 30, 2015 are reported below:

	Investments	Trade receivables	Trade payables	Other income	Costs
Interests in joint ventures:					
- AnziBesson Trademark S.r.l.	58	18	-	1	-
- Fashion S.r.l.	202	-	3	1	-
Remuneration of Boards and Senior Executives	-	-	-	-	1,747

The remuneration concerns emoluments and all other payments, pension-related or social security deriving from the role of Director or Statutory Auditor in BasicNet S.p.A. and the other companies within the consolidation scope.
In relation to the other related parties, we highlight the legal consulting activities undertaken by Studio Professionale Pavesio e Associati and by Studio Legale Cappetti, of the Director Carlo Pavesio and the consultancy undertaken by Pantarei S.r.l. in which the Director Alessandro Gabetti Davicini is Sole Director and of Studio Boidi & Partners, of which the Chairman of the Board of Statutory Auditors is Massimo Boidi and the rental contract for a property unit between BasicVillage S.p.A. and Mr. Alessandro Boglione (Director of BasicWorld S.r.l. and an Executive of BasicNet S.p.A.). These transactions, not material compared to the overall values, were at market conditions. The collections owned by BasicNet S.p.A., which are utilised for media events, shows, press gatherings together with the Brands and/or products of the Group, are subject to a renewable put and call agreement with BasicWorld S.r.l, at a price equal to the costs incurred for their acquisition, in addition to interest. This agreement was signed based on the eventual interest of BasicNet S.p.A. to sell this equipment to guarantee the complete recovery of the costs incurred, including financial charges, utilising in the meantime the benefits which derive from such communication instruments for their brands and/or products and, by BasicWorld S.r.l., of the purchase, to avoid that such a collection which would be lost.

47. SUBSEQUENT EVENTS

They are described in the Directors' Report.

48. CONSOB NO. DEM/6064293 OF JULY 28, 2006

Pursuant to Consob Communication DEM/6064293 of July 28, 2006, we report that there were no non-recurring significant operations during the period, nor positions or transactions from atypical and/or unusual operations.

For The Board of Directors

The Chairman

Marco Daniele Boglione

ATTACHMENT 1
Page 1 of 2

COMPANIES INCLUDED IN THE CONSOLIDATION UNDER THE FULL INTEGRATION METHOD

	Registered office	Corporate purpose	Share capital		Parent Company holding (%)
PARENT COMPANY					
BasicNet S.p.A.					
Directly held subsidiaries:					
- Basic Properties B.V.	Amsterdam (NL)	Sub-license concession of patent rights to local licensees.	EURO	18,160	100
- Basic Village S.p.A. - single shareholder company	Turin (Italy)	Building mgt. at Largo M. Vitale, 1.	EURO	412,800	100
- BasicItalia S.p.A. single shareholder company	Turin (Italy)	Italian licensor, direct stores of BasicNet Group.	EURO	7,650,000	100
- BasicNet Asia Ltd.	Hong Kong (China)	Control activity of the licensees and sourcing centre in Asia.	HKD	10,000	100
- Jesus Jeans S.r.l. single shareholder company	Turin (Italy)	Owner of the Jesus Jeans brand.	EURO	10,000	100
Indirectly held subsidiaries:					
– through Basic Properties B.V.					
- Basic Trademark S.A.	Luxembourg	Owner of some brands of the BasicNet Group.	EURO	1,250,000	100
- Superga Trademark S.A.	Luxembourg	Owner of the brand Superga.	EURO	500,000	100 (1)
- Basic Properties America, Inc.	Richmond (Virginia – USA)	Sub-license of the brands for the US, Canada and Mexico markets.	USD	8,469,157.77	100
- through BasicItalia S.p.A.					
- RdK0 S.r.l. - single shareholder company (incorporated on 1/7/2015)	Turin (Italy)	Management of stores.	EURO	10,000	100
- BasicRetail S.r.l. (previously BasicoOutlet S.r.l.) - single shareholder company	Turin (Italy)	Management of outlets owned by the Group and a number of sales points.	EURO	10,000	100

1) shares subject to pledges with right of vote at Extraordinary Shareholders' Meeting to the Lead Bank Unicredit Banca d'Impresa S.p.A. for the "Syndicated" loan of July 16, 2007 with expiry on July 16, 2015.

ATTACHMENT 1
Page 2 of 2

COMPANIES INCLUDED IN THE CONSOLIDATION UNDER THE EQUITY METHOD

	Registered office	Corporate purpose	Share capital		% held %
- through BasicNet S.p.A.					
- AnziBesson Trademark S.r.l.	Turin (Italy)	Owner of the AnziBesson brand under a joint-venture	EURO	50,000	50 (1)
- Fashion S.r.l.	Turin (Italy)	Owner of the Sabelt brand under a joint-venture	EURO	100,000	50 (2)

(1) The remaining 50% of the investment is held by Niccolò Besson.
(2) The remaining 50% of the investment is held by the Marsiaj family

ATTACHMENT 2

DECLARATION

OF THE HALF-YEAR FINANCIAL STATEMENTS AS PER ARTICLE 81-TER OF CONSOB REGULATION NO. 81 OF MAY 14, 1999 AND SUBSEQUENT AMENDMENTS AND SUPPLEMENTS

The undersigned Marco Daniele Boglione as Executive Chairman, Franco Spalla as CEO, and Paolo Cafasso as Executive Officer Responsible for the preparation of financial statements of BasicNet S.p.A., affirm, and also in consideration of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

- the conformity in relation to the characteristics of the company and
- the effective application of the administrative and accounting procedures for the Condensed Consolidated Half-Year Financial Statements for the period from January 1 to June 30, 2015.

No significant aspect emerged concerning the above.

We also declare that:

- the condensed half-year financial statements:
  a) were prepared in accordance with international accounting standards, recognised in the European Union pursuant to EU regulation No. 1606/2002 of the European Parliament and Council, of July 19, 2002;
  b) correspond to the underlying accounting documents and records;
  c) provide a true and correct representation of the economic, statement of financial position and financial situation of the Issuer and of the companies included in the consolidation;
- the Interim Directors' Report includes a reliable analysis of the significant events in the first six months of the year and their impact on the condensed half-year financial statements, with a description of the principal risks and uncertainties for the remaining six months. This Report also contains a reliable analysis of the significant operations with related parties.

Marco Daniele Boglione
Chairman

Franco Spalla
Chief Executive Officer

Paolo Cafasso
Executive Officer Responsible

pwc

REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

BASICNET GROUP

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2015

REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of
BasicNet SpA

Foreword

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

Scope of review

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

Conclusion

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

Torino, August 4, 2015

PricewaterhouseCoopers SpA

Signed by

Mattia Molari
(Partner)

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