B&C Speakers Group

Half-yearly Condensed Financial Report

as at 30 June 2015

Prepared in compliance with the
International Financial Reporting Standards
approved by the European Union

Contents

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B&C Speakers S.p.A.
Registered Office in Bagno a Ripoli (FI), Via Poggiomoro 1
Share capital paid-in Euro 1,100,000
Florence Companies Register Office – Tax Code 01398890481

THE B&C SPEAKERS GROUP – Corporate bodies

Board of Directors

Chairman:	Gianni Luzi
Chief Executive Officer:	Lorenzo Coppini
Director:	Simone Pratesi
Director:	Alessandro Pancani
Director:	Francesco Spapperi
Independent Director:	Roberta Pecci
Independent Director:	Gabriella Egidi
Independent Director:	Patrizia Mantoan

Board of Statutory Auditors

Chairman:	Sara Nuzzacci
Statutory Auditor:	Giovanni Mongelli
Statutory Auditor:	Leonardo Tommasini

Independent auditing firm

Deloitte & Touche S.p.A.

Introduction to the half-yearly condensed consolidated financial report as at 30 June 2015

INTRODUCTION

This Half-Yearly Condensed Consolidated Financial Report of the B&C Speakers Group as at 30 June 2015 has been prepared in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union and drawn up in compliance with IAS 34 "Interim Financial Reporting". These half-yearly condensed consolidated financial statements therefore do not include all the information required of the annual financial statements and must be read together with the annual financial statements prepared for the financial year ended on 31 December 2014.

This report is also prepared in accordance with Art. 154-ter of Italian Legislative Decree 58/1998, and with the Issuers' Regulation issued by Consob.

During the first half of 2015 the Parent Company continued in its Buy-Back programme involving treasury shares in accordance with the resolution passed by the Shareholders' Meeting held on 24 April 2015 which renewed the mandate to purchase treasury shares for another 12 months; with reference to 30 June 2015, the treasury shares held amounted to 139,390 representing 1.27% of the share capital and are accounted for in accordance with the IFRS.

At the date of the present report (August 2015), the number of treasury shares held has changed and is now 169.890 representing 1,54% of the share capital; the weighted average purchase price of the shares in the portfolio is Euro 4.66. For your information we can note that the Parent Company B&C Speakers S.p.A. is controlled by R&D International S.r.l. which manages and coordinates it.

The equity interest held by the parent company as at 30 June 2015 represented the 62.11% of the share capital; further information on relations with the parent company is contained in the rest of this report.

During May 2015 B&C Speakers disbursed a dividend of Euro 0.32 for each of the outstanding ordinary shares (the total amount of the dividend distributed was Euro 3,465 thousand); consequently the parent company R&D International S.r.l. found itself recognised Euro 2,152 thousand for the investment held (6,832,254 ordinary shares).

Half-yearly condensed consolidated report as at 30 June 2015 prepared in compliance with the IFRSs approved by the European Union

The B&C Speakers Group is one of the international reference points as regards the economic sector of production and sale of “professional loudspeakers in a high quality band”; the business of the Group, which operates both at the national and international level, is carried on entirely in the above sector (production and sale of loudspeakers in a high quality band). Products are manufactured and assembled at the Italian production plant of the Parent Company, which also deals directly with marketing and sales in the various geographical areas covered.

Products are distributed on the North American market through the subsidiary B&C Speakers NA LLC which performs a role of commercial support to the Parent Company.

Distribution on the Latin American market has been integrated thanks to the activity of the subsidiary B&C Speakers Brasil LTDA, a company incorporated in December 2009 and wholly controlled by the Parent Company.

Products are distributed on the Asian market through local distributors served directly by the Parent Company.

Highlights

In the tables below give the economic, equity and financial highlights of the half-year period:

Income statement highlights

(€ thousands)	**1st half 2015**	**1st half 2014**
Revenues	18.516	16.654
Ebitda	4.483	4.205
Ebit	4.089	3.742
Net profit	2.695	2.405

Balance sheet highlights

(€ thousands)	**30 June 2015**	**31 December 2014**
Non current Assets	5.518	5.731
Non current liabilities	1.053	1.126
Current assets	24.380	25.264
Current liabilities	12.298	12.436
Net working Capital	12.082	12.828
Net Equity	16.547	17.433

Cash flow statement highlights

(€ thousands)	1st half 2015	1st half 2014
Operating cash flow	1.431	2.023
Cash flow from investing activities	149	(1.515)
Cash flow from financial activities	(5.213)	(3.681)
Cash and cash equivalent at end of the year	(3.633)	(3.173)

Net financial position

(€ thousands)	30 June 2015	31 December 2014
Current net financial position	(79)	2,362
Total net financial position	(373)	2,004

Economic trend

The general economic trend of the first half of 2015 was influenced by a marked increase in revenues (+11.8%). The order portfolio (for the Parent Company), of approximately 9.5 million euro as at 30 June 2015, increased sharply compared with the 6.8 million euro as at 30 June 2014.

To provide a clearer representation of the trend in operations in relation to the first half of financial year 2015 compared with the same period of the previous year, the table below explains these results:

Economic trends - Group B&C Speakers

(€ thousands)	I half 2015 YTD	*Incidence*	I half 2014 YTD	*Incidence*
Revenues	18,516	*100.00%*	16,654	*100.00%*
Other revenues	131	*0.71%*	104	*0.62%*
Total revenues	**18,647**	***100.71%***	**16,758**	***100.62%***
Change in inventory	1,490	*8.05%*	(181)	*-1.09%*
Purchases of raw materials and other	(8,403)	*-45.38%*	(6,213)	*-37.31%*
Labor cost	(3,160)	*-17.07%*	(2,741)	*-16.46%*
Services costs	(3,919)	*-21.17%*	(3,220)	*-19.33%*
Other costs	(172)	*-0.93%*	(198)	*-1.19%*
Ebitda	**4,483**	***24.21%***	**4,205**	***25.25%***
Depreciations of tangible assets	(358)	*-1.93%*	(378)	*-2.27%*
Amortizations of intangible assets	(36)	*-0.19%*	(56)	*-0.34%*
Writedowns	0	*0.00%*	(29)	*-0.17%*
Ebit	**4,089**	***22.08%***	**3,742**	***22.47%***
Interest income	323	*1.74%*	136	*0.82%*
Finance costs	(324)	*-1.75%*	(81)	*-0.49%*
Ebt	**4,088**	***22.08%***	**3,797**	***22.80%***
Income taxes	(1,451)	*-7.84%*	(1,297)	*-7.79%*
Net Result	**2,637**	***14.24%***	**2,500**	***15.01%***
Minority interest	0	*0.00%*	0	*0.00%*
Group Net Result	**2,637**	***14.24%***	**2,500**	***15.01%***
Other comprehensive result	58	*0.31%*	(95)	*-0.57%*
Total Comprehensive result	**2,695**	***14.55%***	**2,405**	***14.44%***

Note:

EBITDA (Earnings Before Interest Taxes Depreciation and Amortisation) is defined by the Issuer's Directors as the "profit/loss before taxes and financial expenses/income", as resulting from the consolidated income statement gross of amortisation of intangible assets, depreciation of property, plant and equipment, provisions and impairment losses as resulting from the aforesaid consolidated income statement. EBITDA is a measure used by the Issuer to monitor and assess the Group 's operating performance and is not defined as an accounting measure either by Italian Accounting Standards or by the IAS/IFRS; it should therefore not be considered as an alternative measure for assessing trends in the Group's operating result. Since the structure of EBITDA is not regulated by the reference accounting standards, the measuring criteria applied by the Group may not be the same as that used by other operators and/or groups and may, therefore, not be comparable.

EBIT (Earnings Before Interest and Taxes) represents the consolidated profit/loss before taxes, financial expenses and income as shown in the income statement tables prepared by the Directors in drawing up the financial statements in accordance with the IAS/IFRS.

EBT (Earnings Before Taxes) represents the consolidated profit/loss before taxes as shown in the income statement tables prepared by the Directors in drawing up the consolidated financial statements in accordance with the IAS/IFRS.

Consolidated revenues achieved during the first half of 2015 amounted to 18.52 million euro, an increase (+11.8%%) compared with the first half of 2014 when they were 16.65 million euro.

During the period the Group increased its presence on the Asian market (+46% with sales of 5 million euro) and achieved an excellent performance on the South American market (+13% with sales of 1.6 million euro) and the North American market (+24% with sales of 3.3 million euro). Also on the Italian market the results achieved were up compared with the first half of 2014 (+14% with sales of 1.8 million euro). On the European market a drop was instead recorded (-10% with sales of 6.7 million euro).

Costs for raw materials, consumables and goods together with the change in inventories showed a decrease in their proportion of revenues compared with the first half of 2014 (going from 38.4% to 37.3% in the first half of 2015); this evolution of the cost of products sold was essentially due to the contrasting effects of the following phenomena:

- the sharp increase of the Dollar against the Euro which determined an increase in the costs of components purchased in non-European markets (China in particular) and consequently a rise in the cost of products sold;
- the considerable improvement in margins of the American subsidiary made possible owing mainly to the positive effect of the sharp rise in the Dollar against the Euro.

Compared with the first half of 2014 *personnel costs* showed a slight increase in their proportion of revenues, going from 16.5% to 17%, due essentially to the increase in the workforce and greater recourse to temporary personnel made in the first six months of the current year compared with 2014 to sustain the increased production levels.

EBITDA and EBITDA Margin

As a result of the trends illustrated above, EBITDA of the first half of 2015 amounted to 4.48 million euro, with a decrease of 6.6% compared with the same period of 2014 (in which EBITDA amounted to 4.20 million euro).

The EBITDA margin relating to the first half of 2015 was therefore 24.21% of revenues, down slightly compared with the first half of 2014 (in which it was 25.25% of revenues of the period).

EBIT

EBIT at 30 June 2015 amounted to 4.09 million euro, an increase of 9.3% compared with the first half of 2014 (when the figure was 3.74 million euro). The EBIT margin was 22.08% of revenues (22.47% in the first half of 2014).

Net Profit of the Group and Net Financial Position

The net profit of the Group at the end of the first half of 2015 amounted to 2.64 million euro and represents a percentage of 14.24% of consolidated revenues (up compared with the same period of the previous financial year, when it amounted to 2.50 million euro, equivalent to 15% of the revenues of the period).

The Group's financial stability remains on adequate levels although the Net Financial Position declined compared with the end of the previous financial year; at 30 June 2015 it was in fact a negative 373 thousand euro while at 31 December 2014 it was a positive 2 million euro. This difference was due mainly to payment of the 2015 dividend.

Equity and financial trend

Below is the balance sheet reclassified according to the allocation of sources and uses:

Reclassified Balance sheet *(€ thousands)*	**30 June 2015**	**31 Dec 2014**	**Change**
Property, plant & Equipment	**3,325**	**3,538**	**(214)**
Inventories	9,542	8,019	1,523
Receivables	7,908	6,828	1,079
Other receivables	1,219	1,693	(474)
Payables	(4,244)	(4,392)	148
Other payables	(2,030)	(1,401)	(629)
Working capital	**12,394**	**10,747**	**1,648**
Provisions	**(715)**	**(724)**	**9**
Invested net working capital	**15,004**	**13,561**	**1,443**
Cash and cash equvalents	1,399	4,082	(2,683)
Investments in associates	0	0	-
Goodwill	1,394	1,394	-
Short term securities	4,589	4,967	(378)
Other financial receivables	523	473	50
Financial assets	**7,905**	**10,917**	**(3,011)**
Invested net non operating capital	**7,905**	**10,917**	**(3,011)**
NET INVESTED CAPITAL	**22,909**	**24,478**	**(1,569)**
Equity	16,547	17,433	(885)
Short-term financial borrowings	6,068	6,687	(619)
Long-term financial borrowing	294	358	(64)
RAISED CAPITAL	**22,909**	**24,478**	**(1,569)**

Note:

Property, plant & equipment: these are defined by the Issuer's Directors as the value of the multi-annual assets (tangible and intangible). Working Capital: this is defined by the Issuer's Directors as the value of the inventories, trade receivables and other receivables net of payables for supplies and sundry payables. Provisions: these represent the value of the obligations associated with severance indemnities of employees and termination benefits of Directors. Invested Net Working Capital: this represents the value of the financial assets and other financial receivables as described above. Raised Capital: represents the value of the Group's Shareholders' Equity and of the total debt of the Group itself.

A number of comments on the classification of assets and liabilities according to their operational destination are presented below.

The *Invested Net Working Capital* shows an increase of 1.4 million euro compared with 31 December 2014. This increase was mainly due to the combined effect of the following factors:

- an increase in trade receivables and in inventories respectively of approximately 1.1 million euro and approximately 1.5 million euro due essentially to the increased turnover;
- a decrease in fixed assets of approximately 214 thousand euro due to the combined effect of amortisation and depreciation of the period and of investments made in the period on the production lines;
- a decrease in trade and sundry payables of approximately 0.4 million euro due to the application of different contractual terms of payment compared with 31 December 2014.

The *Invested Net Non Operating Capital* recorded a decrease of approximately 3 million euro compared with 31 December 2014 mainly as a result of a decrease in liquidity of 2.6 million euro and of disposal of part of the securities portfolio for approximately 0.3 million euro (achieving a capital gain of 43 thousand euro).

The other Capital categories showed no significant changes compared with 31 December 2014.

The total *Net Financial Position* was a negative 373 thousand euro (a positive 2 million euro at 31 December 2014) mainly as a result of payment of the dividend (3,465 thousand euro) made during May 2015.

Corporate structure

At 30 June 2015 the Group's workforce was 114 resources, compared with 106 resources at 31 December 2014 and 94 resources at 30 June 2014.

Transactions with related parties and subsidiaries under their management

The transactions that occurred during the first half of 2015 with related parties are summarised below together with information on transactions with related parties on the basis of the requirements of the Consob Communication of 28 July 2006.

The related parties have been identified by Directors as the parent company *Research & Development International S.r.l.*, based in Florence, Viale dei Mille No. 60, Tax Code 02342270481, share capital € 90,000, which holds 62.11% of the shares of B&C Speakers S.p.A..

Economic transactions

(in euro)

Service costs	Total balance	Research & Development Intl. Srl	Total related parties	Incidence
I half 2015	3,919,279	461,436	461,436	12%
I half 2014	3,220,059	461,051	461,051	14%

The costs incurred in relation to "*Research & Development International S.r.l.*" are related to the rent for the property in which the Parent Company's new production line was installed and to the rent for the building in which the Parent Company's management and administrative activities are performed.

Financial Relationships

(in euro)

Trade payables	Total balance	Research & Development Intl. Srl	Total related parties	Incidence
30 June 2015	(4,243,756)	(89,655)	(89,655)	2%
31 December 2014	(4,391,910)	(13,896)	(13,896)	0%

Other non current receivables	Total balance	Research & Development Intl. Srl	Total related parties	Incidence
30 June 2015	219,847	88,950	88,950	40%
31 December 2014	219,334	88,950	88,950	41%

The debit positions in relation to Research & Development International S.r.l. as at 30 June 2015, arose as a result of the rental contract for the property in which the Parent company's new production line was installed.

The credit position of Research & Development International S.r.l.n as at 30 June 2015, refers to the credit for an IRES rebate which arose in 2012 following the rebate application made by the parent company Research & Development International S.r.l. for the financial years in which the Group companies were subject to consolidated taxation.

We certify, under the terms of Art. 2.6.2. Section 13 of the Regulation for Markets Organized and Managed by Borsa Italiana S.p.A., the existence of the conditions pursuant to Article 37 of Consob Regulation No. 16191/2007.

Significant events during the first half of 2015

During the first half of 2015 the following significant events occurred:

- The collection of new orders again grew sharply. The order book when the present report was prepared amounted to 9,5 million euro.

- On 3 February 2015 the Florence Tax Police (Nucleo Polizia Tributaria) visited the legal and administrative headquarters of the Parent Company to carry out a tax inspection for the purposes of direct taxes, of VAT and of other levies concerning tax year 2010. The inspection continued up to 31 March 2015 when a Notice of Findings was served on the Parent Company. Through its tax consultant, the Parent Company presented a defensive plea in which a series of challenges were raised against the Tax Authority's allegations. On 18 June 2015 the Revenues Agency served on the Parent Company the Notice of Assessment which accepted, in part, the challenges presented in the defensive plea. The Parent Company opted for the solution of settling the assessment renouncing the presentation of an appeal. This solution made it possible to shorten considerably the settlement times with a reduction in the sanctions to one sixth and was preferred with respect to the option of tax litigation, owing mainly to the small residual amounts contested (Euro 29 thousand) which lead us to believe the solution chosen to be cheaper.

- The Shareholders' Meeting held on 24 April 2015 appointed the new Board of Directors and the new Board of Statutory Auditors following the expiry of the respective mandates. The number of directors was raised from six to eight in consideration of the growth in size and of a long-term perspective directed towards a greater specialisation of the Board members.

- In addition, in view of the expiry of the current auditing appointment held by Deloitte&Touche S.p.A., under the terms of Art.12, Section 1 of Italian Legislative Decree 39 of 27 January 2010, the Shareholders' Meeting proceeded to assign the mandate, for the period 2016-2024, to the auditing firm PricewaterhouseCoopers S.p.A..

- Finally, again on the occasion of the same Shareholders' Meeting, it was resolved to disbourse a dividend of Euro 0.32 for each of the outstanding shares (net of treasury shares held), for a total amount of Euro 3.5 million.

Significant subsequent events

After the reporting date of this 2015 interim report, and up to the date on which it was prepared, no events worth noting occurred.

Outlook for the entire year 2015

As regards developments in the entire year 2015, the management of the Parent Company believes that, given the dynamic demand and the production capacity, it is possible to foresee an end of the year with revenue volumes significantly up compared with the previous one.

Following the gradual rise of the Dollar against the Euro and to mitigate its negative effect on the company accounts, price increases were introduced, with effect from June, with the aim of countering the slight drop in margins already seen during the first half of 2015.

The Brazilian subsidiary achieved results well below expectations owing to the continually deteriorating political and economic situation of the country. The Group's management is committed to careful monitoring of both the general economic situation of Brazil and the specific situation of the subsidiary so as to identify in good time signs of impairment.

Major shareholders and main data concerning the Issuer's shares

At the date of the present report the official data indicate the following significant shareholders:

- Lorenzo Coppini through Research & Development International S.r.l., 6,767,254 shares representing 61.52% of the share capital;

- Giuseppe Aldinio Colbachini 238,365 shares representing 2.17% of the share capital;

- Ennismore Fund Management which holds 299,970 shares representing 2.72% of the share capital.

Main risks and uncertainties to which the group is exposed

To examine the main risks and uncertainties to which the group is exposed, since neither the internal nor the external conditions changed with respect to the early months of financial year 2014, the reader is referred to the full discussion on the matter in the report on operations of the consolidated financial statements at 31 December 2014.

Corporate Governance

The Group abides by the Code of Corporate Governance of Italian Listed Companies issued in March 2006.

In accordance with the legislative obligations a "*Corporate Governance Report*" is prepared annually. In addition to providing a general description of the corporate governance system adopted by the Group, this contains the information on the ownership structures and on acceptance of the single prescriptions of the Code of Corporate Governance and on observance of the consequent commitments. For a more detailed description of the elements that make up Corporate Governance see the complete document relating to the annual report available on the website www.bcspeakers.com, in the Corporate Documents section.

Half-yearly condensed consolidated financial statements as at 30 June 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015 PREPARED IN COMPLIANCE WITH THE IFRS ADOPTED BY THE EUROPEAN UNION

(Values in Euro)		30 June 2015	31 December 2014
ASSETS			
Fixed assets			
Tangible assets		3,219,019	3,402,208
Goodwill		1,393,789	1,393,789
Other intangible assets		105,571	136,249
Deferred tax assets		276,224	325,052
Other non current assets		219,847	219,334
	related parties	*88,950*	*88,950*
Other assets (TFM insurance)		303,405	254,012
Total non current assets		**5,517,855**	**5,730,644**
Currents assets			
Inventory		9,541,819	8,018,696
Trade receivables		7,907,520	6,828,276
Tax assets		611,483	1,069,532
Other current assets		4,920,468	5,265,368
Cash and cash equivalents		1,399,073	4,082,370
Total current assets		**24,380,363**	**25,264,242**
Total assets		**29,898,218**	**30,994,886**

		30 June 2015	31 December 2014
LIABILITIES			
Equity			
Share capital		1,083,247	1,086,030
Other reserves		4,053,079	4,201,715
Retained Earnings		8,876,356	7,926,561
Fair value reserve		(159,596)	(136,836)
Profit/(loss) for the year		2,694,181	4,355,103
Total equity attributable to shareholders of the parent		**16,547,267**	**17,432,573**
Minority interest		-	0
Total equity		**16,547,267**	**17,432,573**
Non current equity			
Long-term borrowings		293,948	358,331
Severance Indemnities		632,777	641,535
Provisions for risk and charges		82,596	82,596
Deferred tax liabilities		43,533	43,533
Total non current liabilities		**1,052,854**	**1,125,995**
Current liabilities			
Short-term borrowings		6,067,518	6,686,669
Trade liabilities		4,243,756	4,391,910
	related parties	*89,655*	*13,896*
Tax liabilities		1,011,735	548,453
Other current liabilities		975,088	809,286
Total current liabilities		**12,298,097**	**12,436,318**
Total Liabilities		**29,898,218**	**30,994,886**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE FIRST HALF OF 2015 PREPARED IN COMPLIANCE WITH THE IFRS ADOPTED BY THE EUROPEAN UNION

(Values in Euro)		I half 2015 YTD	I half 2014 YTD
Revenues		18,516,361	16,653,656
Other revenues		130,818	104,196
Change in inventory of finished goods and work in progress		1,490,220	(180,608)
Cost of raw material and others		8,403,416	6,213,441
Cost of labour		3,160,226	2,740,703
Cost of services		3,919,279	3,220,059
	related parties	*461,436*	*461,051*
Depreciation of tangible assets		357,628	377,960
Amortization of intangible assets		36,017	55,913
Writedowns		0	29,217
Other costs		172,147	197,880
Earning before taxes and interests		**4,088,686**	**3,742,071**
Financial income		322,884	135,730
Financial costs		323,686	80,932
Earning before taxes		**4,087,884**	**3,796,869**
Income taxes		1,451,359	1,296,545
Profit for the year (A)		**2,636,525**	**2,500,324**
Other comprehensive income/(losses) for the year that will not be reclassified in icome statement:			
Exchange differences on translating foreign operations		48,244	(78,566)
Actuarial gain/(losses) on DBO (net of tax)		9,412	(16,826)
Total other comprehensive income/(losses) for the year (B)		**57,656**	**(95,392)**
Total comprehensive income (A) + (B)		**2,694,181**	**2,404,932**
Profit attributable to:			
Owners of the parent		2,636,525	2,500,324
Minority interest		-	-
Total comprehensive income atributable to:			
Owners of the parent		2,694,181	2,404,932
Minority interest		0	0

CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 30 JUNE 2015 PREPARED IN COMPLIANCE WITH THE IFRS ADOPTED BY THE EUROPEAN UNION

Consolidated cash flow statement (Euro thousands)	**First half**	
	2015	**2014**
A- Net current bank balances at the beginning of the period	**4,082**	**1,987**
B- Cash flow from operating activities		
Profit/loss for the period (Including third parties Profit/loss)	2,694	2,405
Income tax expense	1,451	1,297
Amortization of intangibles assets	36	56
Depreciation of tangible assets	358	378
Finance cost	324	81
Interest income	(323)	(136)
Net change in provisions for risk and charges and other provision relating to personell	25	55
Change in provigion for leaving indemnities		
Allocations and revaluations	-	4
Actuarial gain/(losses)	(20)	25
(Use)	(14)	(2)
(increase) decrease in current trade and other current receivables	(654)	(2,080)
(increase) decrease in deferred tax assets	49	(27)
(increase) decrease in inventory	(1,523)	10
Increase (decrease) in current trade and other payables	(113)	1,099
increase (decrease) in deferred tax liabilities	0	5
Net cash from/(used in) operating activities	**2,291**	**3,170**
Paid interest costs	(324)	(81)
Collected interest income	323	136
Taxes paid	(859)	(1,202)
Total (B)	**1,431**	**2,023**
C- Cash flow from investing activities		
Net (investments) in non current tangible assets	(174)	(247)
Selling price of decreases of non current tangible assets	-	-
Net (investments) in non current intangible assets	(5)	(8)
Net (investments) in non current securities	(50)	-
Net (investments) in current securities	378	(1,260)
Total (C)	**149**	**(1,515)**
D- Cash flow from financing activities		
inflow/(outflow) from financial investment	(1,572)	(77)
Purchase of treasury shares	(176)	(90)
Dividend paid to shareholders	(3,465)	(3,514)
Total (D)	**(5,213)**	**(3,681)**
E- Cash flow for the period (B+C+D)	**(3,633)**	**(3,173)**
F- Effect of changes in exchange rates of foreign currencies	61	172
G- Cash and cash equivalents at end of the period	**510**	**(1,014)**

Nota 1: the cash generated by the change in trade payables and other includes an outflow of cash attributable to transactions with the parent company R & D International Srl for Euro 76 thousand

The table below illustrates the breakdown of the balance of cash and cash equivalents as at 30 June 2015 and as at 30 June 2014.

	30-Jun-15	30-Jun-14
Cash	1,399	1,428
Bank overdrafts	(889)	(414)
Total	**510**	**1,014**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, PREPARED IN COMPLIANCE WITH THE IFRS ADOPTED BY THE EUROPEAN UNION

We present below the changes in shareholders' equity that occurred in the first half of 2015 and in the first half of 2014.

	Share Capital	Legal reserve	Share premium reserve	Extraordinary reserve	Foreign exchange reserve	Other reserve	Fair value reserve	Retained earnings	Net profit	Exchange differences on translating foreign operations	DBO actuarial gain/(losses) (net of tax effect)	Net group Equity	Minority interest	Total net Equity
Balance at 31 December 2013	**1,098**	379	4,286	44	2	**4,711**	**(145)**	**6,482**	**4,513**	**199**	**8**	**16,866**	-	**16,866**
Allocation of 2013 result	-	-	-	-	-	-	8	4,712	(4,513)	(199)	(8)	-	-	-
Dividend distribution	-	-	-	-	-	-	-	(3,514)	-	-	-	(3,514)	-	**(3,514)**
Treasury shares	(2)	-	(88)	-	-	**(88)**	-	-	-	-	-	(90)	-	**(90)**
Consolidation and foreign exchange effect	-	-	-	-	-	-	-	172	0	-	-	172	-	**172**
Result of the period	-	-	-	-	-	-	-	0	2,500	(79)	(17)	2,405	-	**2,405**
Balance at 30 June 2014	**1,096**	379	4,198	44	2	**4,623**	**(137)**	**7,852**	**2,500**	**(79)**	**(17)**	**15,839**	**-**	**15,839**

	Share Capital	Legal reserve	Share premium reserve	Extraordinary reserve	Foreign exchange reserve	Other reserve	Fair value reserve	Retained earnings	Net profit	Exchange differences on translating foreign operations	DBO actuarial gain/(losses) (net of tax effect)	Net group Equity	Minority interest	Total net Equity
Balance at 31 December 2014	**1,086**	379	3,777	44	2	**4,202**	**(137)**	**7,927**	**4,533**	**(155)**	**(23)**	**17,433**	**-**	**17,433**
Allocation of 2014 result	-	-	-	-	24	24	(22)	4,353	(4,533)	155	23	0.14	-	0
Dividend distribution	-	-	-	-	-	-	-	(3,465)	-	-	-	- 3,465.00	-	**(3,465)**
Treasury shares	(3)	-	(173)	-	-	**(173)**	-	-	-	-	-	(176)	-	**(176)**
Consolidation and foreign exchange effect	-	-	-	-	-	**-**	**-**	61	-	-	-	61	-	**61**
Result of the period	-	-	-	-	-	**-**	0	0	2,637	48.24	9	2,694	-	**2,694**
Balance at 30 June 2015	**1,083**	379	3,604	44	26	**4,053**	**(159)**	**8,876**	**2,637**	**48**	**9**	**16,547**	**-**	**16,547**

Notes to the half-yearly condensed consolidated financial report as at 30 June 2015 prepared in conformity with the IFRS adopted by the European Union

Drafting principles

These condensed half-yearly consolidated financial statements were prepared in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union. The term "IFRS" is also used to refer to all revised International Accounting Standards ("IAS") and all interpretations provided by the International Financial Reporting Interpretations Committee ("IFRIC"), previously named the Standing Interpretations Committee ("SIC").

These half-yearly condensed consolidated financial statements have been prepared, in a condensed form, in compliance with IAS 34 "Interim Financial Reporting". These half-yearly condensed financial statements do not include, therefore, all the information required in the annual financial statements and must be read together with the annual financial statements prepared for the financial year ended on 31 December 2014.
The accounting standards adopted in preparing the present half-yearly condensed consolidated financial statements are the same as those adopted in preparing the Group's annual consolidated financial statements for the financial year ended on 31 December 2014.

In the context of preparation of the half-yearly condensed consolidated financial statements the Management of the Company carried out valuations, estimates and assumptions which have an effect on the amounts of the revenues, costs and assets and liabilities and on the disclosure related to the potential assets and liabilities at the reference date of the same. It should be noted that, as these are estimates, they may differ from the actual results that may be obtained in the future.

Certain valuation processes, in particular the more complex ones such determining any impairment losses on non-current assets are generally carried out completely only on preparation of the year-end consolidated financial statements, when all the necessary information is available, except in cases when there is evidence of impairment that requires an immediate measurement of losses.

Income taxes are recognised on the basis of the best estimate of the average rate expected for the entire financial year.

As provided for in Art. 16, No. 8 of Italian Legislative Decree No. 213 of 24/6/1998, the financial statements and the related explanatory tables were drawn up in Euro units, with no decimal figures, unless indicated otherwise. Following the roundings made in accordance with the law some differences may appear, normally in the order of one Euro, between the totals and sub-totals and the respective individual items.

Accounting standards, amendments and interpretations applied from 1 January 2014

The following accounting standards, amendments and interpretations were applied for the first time by the Group starting from 1 January 2015:

- On 20 May 2013 the interpretation **IFRIC 21 – Levies** was published; this provides clarifications on the moment of recognition of a liability associated with levies (other than income taxes) imposed by a government body. The standard deals both with liabilities for levies that come within the scope of application of IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*, and with those for levies whose timing and amount are certain. The interpretation applies retrospectively for financial years starting from 17 June 2014 at the latest or a later date. The adoption of this new interpretation did not entail effects on the Group's consolidated financial statements.

- On 12 December 2013 the IASB published the document "**Annual Improvements to IFRSs: 2011-2013 Cycle"** which incorporates the changes to a number of standards in the context of the annual process to improve the same. The main amendments concern:

  - IFRS 3 Business Combinations – Scope of exception for joint ventures. The amendment clarifies that paragraph 2(a) of IFRS 3 excludes from the scope of IFRS 3 the formation of all types of joint arrangements as defined by IFRS 11;
  - IFRS 13 Fair Value Measurement – Scope of portfolio exception (para. 52). The amendment clarifies that the portfolio exception included in paragraph 52 of IFRS 13 applies to all contracts included in the context of application of IAS 39 independently of the fact that they meet the definition of financial assets and liabilities provided by IAS 32;
  - IAS 40 Investment Properties – Interrelationship between IFRS 3 and IAS 40. The amendment clarifies that IFRS 3 and IAS 40 do not exclude each other and that, in order to determine whether the purchase of a real estate property falls within the scope of IFRS 3 and IAS 40, it is necessary to refer respectively to the specific instructions provided by IFRS 3 and IAS 40.

  The amendments apply from financial years starting from 1 January 2015 or a later date. The adoption of these amendments did not entail effects on the Group's consolidated financial statements.

Accounting standards, amendments and interpretations endorsed by the European Union, not yet obligatory and not adopted early by the Group

- On 21 November 2013 an amendment to IAS 19 "**Defined Benefit Plans: Employee Contributions**" was published. The amendment proposes to present contributions (relating only to the service rendered by the employee in the financial year) made by employees or third parties to defined benefit plans reducing the service cost of the financial year in which this contribution is paid. The need for this proposal arose with the introduction of the new IAS 19 (2011), in which it is considered that these contributions should be interpreted as part of a post-employment benefit, rather than of a short-term benefit and, therefore, that this contribution must be spread over the years of service of the employee. The amendment applies at the latest from the financial years starting from 1 February 2015 or a later date. The directors do not expect a significant effect in the Group's consolidated financial statements from the adoption of this amendment.

- On 12 December 2013 the document "**Annual Improvements to IFRSs: 2010-2012 Cycle**" was published. This incorporates the changes to a number of standards in the context of the annual process to improve the same. The main amendments concern:
  - IFRS 2 Share-based Payments – Definition of vesting condition. Changes were made to the definitions of "vesting condition" and "market condition" and further definitions of "performance condition" and "service condition" (previously included in the definition of "vesting condition") were added;
  - IFRS 3 Business Combinations – Accounting for contingent consideration. The amendment clarifies that a contingent consideration in the context of a business combination classified as a financial asset or liability must be remeasured at fair value at each reporting date and the fair value changes must be recognised in the income statement or among the statement of comprehensive income elements on the basis of the requirements of IAS 39 (or IFRS 9);
  - IFRS 8 Operating Segments – Aggregation of operating segments. The changes require an entity to give information regarding the assessments made by management in the application of aggregation criteria for operating segments, including a description of the aggregated operating segments and the economic indicators considered in determining whether these operating segments have similar economic characteristics;
  - IFRS 8 Operating Segments – Reconciliation of total of the reportable segments' assets to the entity's assets. The amendments clarify that reconciliation between total assets of the operating segment and total assets of the entity as a whole must be submitted only if the total assets of the operating segments is regularly reviewed by the entity's chief operating decision makers;
  - IFRS 13 Fair Value Measurement – Short-term receivables and payables. The Basis for Conclusions of this standard was amended in order to clarify that issuing IFRS 13, and the subsequent amendments to IAS 39 and IFRS 9, did not remove the ability to measure current trade receivables and payables without recognising the effects of discounting, if such effects are not material;
  - IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method: proportionate restatement of accumulated depreciation/amortisation. The amendments eliminated inconsistencies in the recognition of depreciation when a tangible or intangible asset is subject to appreciation. The requirements provided by the amendments clarify that the gross book value be adjusted to an extent consistent with the appreciation of the book value of the assets and that the accumulated depreciation/amortisation is equal to the difference between the gross book value and the book value net of recognised impairment losses;

- IAS 24 Related Party Disclosures – Key management personnel. This clarifies that, in the case where the services of managers with strategic responsibilities are provided by an entity (and not by a natural person), the entity is to be considered a related party.

The amendments apply at the latest from financial years starting from 1 February 2015 or a later date. The directors do not anticipate a significant effect on the Group's consolidated financial statements following the adoption of these amendments.

Accounting standards, amendments and interpretations not yet endorsed by the European Union.

As of the reporting date of the present half-yearly condensed consolidated financial report as at 30 June 2015 the competent bodies of the European Union have not yet completed the endorsement process required for the adoption of the amendments and standards described below.

- On 30 January 2014 the IASB published the standard ***IFRS 14 – Regulatory Deferral Accounts***, allowing only those who adopt IFRS for the first time to continue to recognise amounts for activities subject to regulated tariffs ("Rate Regulation Activities") under the accounting standards previously adopted. Since the Group is not a first-time adopter, this standard is not applicable.

- On 6 May 2014 the IASB issued some amendments to the standard **IFRS 11 Joint Arrangements – *Accounting for Acquisitions of Interests in Joint Operations"***, related to the accounting of the acquisition of interests in a joint operation whose activity constitutes a business as defined by IFRS 3. The changes require that these cases be subject to the principles set by IFRS 3 regarding the recognition of effects of a business combination.
  The changes apply from 1 January 2016 but early application is allowed. The directors do not anticipate a significant effect on the Group's consolidated financial statements following the adoption of these amendments. (

- On 12 May 2014 the IASB issued amendments to **IAS 16 Property, Plant and Equipment** and **IAS 38 Intangible Assets – "Clarification of Acceptable Methods of Depreciation and Amortisation"**. The amendments to IAS 16 state that depreciation criteria determined in accordance with revenues are not appropriate, because, according to the amendment, revenues generated by an activity that includes the use of depreciated assets generally reflect factors other than just the consumption of the economic benefits of the asset itself. The amendments to IAS 38 introduce a rebuttable presumption, whereby an amortisation criterion based on revenues is normally considered inappropriate for the same reasons established by the changes to IAS 16. In the case of intangible assets this presumption may nevertheless be rebutted, but only in limited and specific circumstances.
  The changes apply from 1 January 2016 but early application is allowed. The directors do not anticipate a significant effect on the Group's consolidated financial statements following the adoption of these amendments.

- On 28 May 2014 the IASB published the standard **IFRS 15 – Revenue from Contracts with Customers** to replace IAS 18 – Revenue and IAS 11 – Construction Contracts, as well as the interpretations IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC-31 – Revenue - Barter Transactions Involving Advertising Services. The standard establishes a new model for revenue recognition, which will apply to all contracts with consumers except those that fall within the scope of other IAS/IFRS standards such as leasing, insurance contracts and financial instruments. The essential stages for accounting revenues under the new model are:

- identify the contract with the customer;
- identify the performance obligations in the contract;
- determine the price;
- allocate the price to the performance obligations in the contract;
- recognise revenue when the entity satisfies each performance obligation.

The standard applies starting from 1 January 2017 but early application is allowed (in May 2015 the IASB issued an Exposure Draft proposing to postpone the date of first application to 1 January 2018). The directors expect that the application of IFRS 15 may have a significant impact on the amounts entered under revenue and on the related disclosure in the Group's consolidated financial statements. However, it is not possible to provide a reasonable estimate of the effects until the Group has completed a detailed analysis of contracts with customers.

- On 30 June 2014 the IASB issued some amendments to the standards **IAS 16 Property, Plant and Equipment** and **IAS 41 Agriculture – Bearer Plants**. The changes require bearer plants i.e. fruit trees that produce annual crops (e.g. vines, nuts), to be accounted for under the requirements of IAS 16 (rather than IAS 41). This means that these assets must be valued at cost instead of at fair value net of costs to sell (however it is permissible to use the revaluation method proposed in IAS 16). The proposed changes are restricted to trees used to produce fruit seasonally and not to be sold as living plants or harvested as agricultural produce. These trees fall within the scope of IAS 16 even during biological maturation, i.e. until they are unable to give rise to agricultural produce.
  The changes apply from 1 January 2016 but early application is allowed. The directors do not anticipate a significant effect on the Group's consolidated financial statements following the adoption of these amendments.

- On 24 July 2014 the IASB published the final version of **IFRS 9 – Financial Instruments**. The document includes the results of the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39. The new standard, which replaces previous versions of IFRS 9, must be applied by financial statements beginning 1 January 2018 or later.
  Following the financial crisis of 2008, at the request of the main financial and political institutions, the IASB launched a plan to replace IFRS 9 and proceeded in stages. In 2009 the IASB published the first version of IFRS 9 which dealt solely with the classification and measurement of financial assets; in 2010 it then published the criteria for the classification and measurement of financial liabilities and for derecognition (the latter subject was transposed unchanged from IAS 39). In 2013 IFRS 9 was amended to include the general hedge accounting model. As a result of the current publication, which also covers impairment, IFRS 9 is deemed complete except for the criteria regarding macro hedging, which the IASB has dealt with in a separate project.
  The standard introduces new criteria for the classification and measurement of financial assets and liabilities. Specifically, for financial assets, the new standard

adopts a unique approach based on the methods for managing financial instruments and on the characteristics of contractual cash flows from financial assets in order to determine the valuation criterion, replacing the different rules provided for by IAS 39. For financial liabilities, on the other hand, the main change relates to the accounting treatment of changes in the fair value of a financial liability designated as measured at fair value through profit or loss, in the event that the changes are due to changes in the credit risk of the liability issuer. Under the new standard such changes are to be recognised in the statement of "Other comprehensive income" and no longer in the income statement.
With reference to the impairment model, the new standard requires that the credit losses estimate be carried out based on the expected losses model (and not the incurred losses model, using information that is verifiable, available without unreasonable expense or effort and that includes historical, current and forecast data. The standard requires that this impairment model be applied to all financial instruments, i.e. financial assets measured at amortised cost, to those carried at fair value through other comprehensive income and to receivables arising from leases and trade receivables.
Finally, the standard introduces a new hedge accounting model designed to adjust the requirements of the current IAS 39, which have been sometimes considered too stringent and unfit to reflect company risk management policies. The main innovations in the document concern:

- an increase in the types of transactions eligible for hedge accounting, including also the risks of non-financial assets/liabilities eligible to be managed in hedge accounting;
- a change of the accounting method for forward contracts and options when included in a hedge accounting relationship in order to reduce the volatility of the income statement;
- changes to the effectiveness test by replacing the current method based on the 80-125% parameter with the principle of the "economic relationship" between the hedged item and the hedging instrument; in addition, there will no longer be a requirement to assess the retrospective effectiveness of the hedging relationship;

The greater flexibility of the new accounting rules is counterbalanced by additional requests for disclosure on the company's risk management activities. The directors expect that the application of IFRS 9 may have an impact on the amounts and on the disclosure in the Group's consolidated financial statements. However, it is not possible to provide a reasonable estimate of the effects until the Group has completed a detailed analysis.

- On 11 September 2014 the IASB published an amendment to **IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**. The document was published in order to resolve the current conflict between IAS 28 and IFRS 10.
  In accordance with IAS 28, the gain or loss resulting from the transfer or contribution of a non-monetary asset to a joint venture or associate in exchange for a stake in the capital of the latter is limited to the stake held in the joint venture or associate by other investors uninvolved in the transaction. Conversely, IFRS 10 requires the recognition of the entire gain or loss in the event of loss of control of a subsidiary, even if the entity continues to hold a non-controlling stake in the subsidiary, also when the case involves the transfer or contribution of a subsidiary to a joint venture or associate. The new amendments require that in the transfer/contribution of a financial asset or a subsidiary to a joint venture or

associate, the extent of the gain or loss to be recognised in the transferor/contributor's financial statements depends on whether the assets or the subsidiary transferred/contributed constitute a business in the definition provided for by IFRS 3. In the case where the assets or subsidiary transferred/contributed represent a business, the entity must recognise the gain or loss on the entire stake previously held; conversely, the share of gain or loss on the stake still held by the entity must be derecognised. The changes apply starting from 1 January 2016, but a postponement of the date of first application is expected. The directors do not anticipate a significant effect on the Group's consolidated financial statements following the adoption of these amendments.

- On 25 September 2014 the IASB published the document "**Annual Improvements to IFRSs: 2012-2014 Cycle**". The amendments introduced by the document must be applied from financial years beginning on 1 January 2016 or from a later date.
  The document introduces amendments to the following standards:
    - IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. The amendment introduces specific guidelines to the standard in the case that an entity reclassifies an asset (or a disposal group) from the held-for-sale category to the held-for-distribution category (or vice versa), or when the requirements for the classification of an asset as held-for-distribution cease to apply. The amendments state that (i) these reclassifications should not be considered a change to a marketing plan or distribution plan and that the same criteria for classification and assessment still apply; (ii) assets that do not meet the classification criteria required for held-for-distribution should be treated the same way as an asset that ceases to be classified as held-for-sale;
    - IFRS 7 – Financial Instruments: Disclosures. The amendments govern the introduction of additional guidelines to clarify whether a servicing contract constitutes continuing involvement in a transferred asset for the purpose of the required disclosure regarding the transferred assets. It is made clear that disclosure about offsetting financial assets and liabilities is not normally explicitly required for interim financial statements. However, such disclosure may be necessary to comply with the requirements of IAS 34, in the case of significant information;
    - IAS 19 – Employee Benefits. The document introduces amendments to IAS 19 to clarify that the high quality corporate bonds used to determine the discount rate for post-employment benefits should be in the same currency used for payment of the benefits. The amendments specify that the depth of the market for high quality corporate bonds to consider should be at currency level;
    - IAS 34 – Interim Financial Reporting. The document introduces changes in order to clarify the requirements to be met in the event that the disclosure required is presented in the interim financial report, but outside of the interim financial statements. The amendment specifies that this disclosure be entered with cross-referencing between the interim financial statements and other parts of the interim financial report and that this document be available to readers of the financial statements in the same manner and with the same timings as the interim financial statements.

  The directors do not anticipate a significant effect on the Group's consolidated financial statements following the adoption of these amendments.

- On 18 December 2014 the IASB published an amendment to **IAS 1 - Disclosure Initiative**. The objective of the amendments is to provide clarifications on disclosure elements that may be perceived as hindering the clear and intelligible drafting of the financial statements. The amendments are as follows:
    - Materiality and aggregation: it is clarified that a company must not hide information through aggregation or disaggregation and that considerations of materiality apply to the financial statements, explanatory notes and specific disclosure requirements of the IFRSs. The disclosures specifically required by the IFRSs must be provided only if the information is material;
    - Statement of financial position and comprehensive income statement: it is clarified that the list of items specified by IAS 1 for these statements can be disaggregated and aggregated as appropriate. A guideline is also included on the use of subtotals within statements;
    - Presentation of the elements of Other Comprehensive Income ("OCI"): it is clarified that the portion of OCI of associates and joint ventures consolidated using the equity method must be presented in aggregate in a single item, in turn divided into components categorised according to whether or not they are subject to future reclassification to the income statement;
    - Explanatory notes: it is clarified that entities can be flexible in defining the structure of the notes; a guideline is given on how to set out the notes themselves systematically. For example:
        - Giving prominence to notes that are most important to the understanding of the financial position and equity (e.g. grouping together information on particular assets);
        - Grouping together elements measured under the same criterion (e.g. assets measured at fair value);
        - Following the order of the elements presented in the statements.

  The amendments introduced by the document must be applied from financial years beginning on 1 January 2016 or from a later date. The directors do not anticipate a significant effect on the Group's consolidated financial statements following the adoption of these amendments.

- On 18 December 2014 the IASB published the document "**Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)**", introducing amendments relating to issues that emerged following application of the consolidation exception granted to investment entities. The amendments introduced by the document must be applied from financial years that begin on 1 January 2016 or a later date; early adoption is nevertheless permitted. The directors do not expect a significant effect on the Group's consolidated financial statements following the adoption of these changes, as the company does not meet the definition of an investment company.

Content and form of the half-yearly condensed consolidated financial statements

This Half-Year Condensed Consolidated Report comprises the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and these Explanatory Notes.

With reference to the form of the consolidated financial statements, the Group has chosen to present the following accounting formats:

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position is presented with opposing sections and separate indication of Assets, Liabilities and Shareholders' Equity.

In turn, the Assets and Liabilities are recorded in the consolidated financial statements on the basis of whether they are classified as current or non-current.

Consolidated Statement of Comprehensive Income

The consolidated statement of comprehensive income is presented in a single statement (one statement approach) in its classification by type. It highlights the aggregated result before tax and financial income and expenses, including all elements of income and cost, regardless of whether they are one-off or recurring and part of core business or otherwise; this is with the exception of financial items entered between Earnings before tax and financial income and expenses, and Earnings before tax.

Consolidated statement of cash flows

The consolidated statement of cash flows is broken down according to cash-generating areas and prepared applying the indirect method. Cash and cash equivalents included in the statement of cash flows include the asset balances of this item at the reporting date. Foreign currencies were converted at the average exchange rate for the period. Income and expenses relating to interest rates, dividends received and income tax are included in the cash flows generated by operational management.

Consolidated statement of changes in equity

The consolidated statement of changes in equity is included, as required by the international accounting standards, with the separate highlighting of the consolidated result for the period and of all income, revenues, expenses and charges that are not recorded on the income statement, but rather charged directly to consolidated equity, in accordance with specific IASs/IFRSs.

Consolidation scope

The interim report as at 30 June 2015 prepared according to the IFRS includes line by line the financial statements of the Parent Company and of the companies of the B&C Speakers Group.

The following companies therefore fall under the full consolidation scope as at 30 June 2014:

Companies	Country	Group structure at 30 June 2015			Group structure at 31 December 2014		
		Direct	Indirect	Total	Direct	Indirect	Total
B&C Speaker S.p.A.	Italy	Parent Company			Parent Company		
B&C Speaker NA LLC	USA	100%	-	100%	100%	-	100%
B&C Speaker Brasil LTDA	Brasil	100%	-	100%	100%	-	100%

With reference to the information required by the application of IFRS 12 we can note that the subsidiaries present linear situations for which no significant evaluations and assumptions were necessary in order to identify their classification.

The exchange rates applied in the conversion of financial statements in currencies other than the Euro in the first half of 2015, as at 31 December 2014 and in the first half of 2014 are shown in the table below:

Currency	30-Jun-15		31-Dec-14		30-Jun-14	
	Avg exch.	Final exch.	Avg exch.	Final exch.	Avg exch.	Final exch.
EURO/USD	1.1158	1.1189	1.3285	1.2141	1.3703	1.3658
EURO/REAL	3.3101	3.4699	3.1211	3.2207	3.1498	3.0002

Analysis of the breakdown of the main items of the consolidated balance sheet at 30 June 2015

1. Property, plant and equipment

A breakdown of property, plant and equipment as at 30 June 2015 and the related changes during the period are highlighted in the following tables:

(In Euro)

Historic cost	31-Dec-14	Additions	Reclassification	Foreign exch.	(Decreases)	30-Jun-15
Land and buildings	4,860	-	-	413	-	5,273
Leasehold improvements	804,209	-	-	-	-	804,209
Lightweight construction	23,739	7,140	-	-	-	30,879
Plants and machinery	4,445,941	79,219	-	7,091	-	4,532,251
Industrial equipment	4,069,162	83,143	-	(203)	-	4,152,102
Various equipment	831,259	8,983	-	(652)	-	839,590
Fixed assets in progress	5,733	(5,733)	-	-	-	-
Total	**10,184,902**	**172,752**	**-**	**6,649**	**-**	**10,364,303**

Accumulated depreciation	31-Dec-14	Depreciation	Reclassificatio	Foreign exch.	(Decreases)	30-Jun-15
Land and buildings	950	-	-	81	-	1,031
Leasehold improvements	187,081	35,736	-	-	-	222,816
Lightweight construction	5,325	1,179	-	-	-	6,504
Plants and machinery	2,111,303	207,301	-	5,200	-	2,323,804
Industrial equipment	3,800,915	80,457	-	(50)	-	3,881,322
Various equipment	677,122	32,956	-	(270)	-	709,807
Fixed assets in progress	-	-	-	-	-	-
	-	-	-	-	-	
Total	**6,782,696**	**357,628**	**-**	**4,961**	**-**	**7,145,285**

Net value	31-Dec-14	Net increases	Reclassificatio	Foreign exch.	Depreciation	Accumulated depreciation	30-Jun-15
Land and buildings	3,909	-	-	332	-	-	4,241
Leasehold improvements	617,128	-	-	-	(35,736)	-	581,393
Lightweight construction	18,414	7,140	-	-	(1,179)	-	24,375
Plants and machinery	2,334,638	79,219	-	1,891	(207,301)	-	2,208,448
Industrial equipment	268,247	83,143	-	(153)	(80,457)	-	270,780
Various equipment	154,137	8,983	-	(382)	(32,956)	-	129,783
Fixed assets in progress	5,733	(5,733)	-	-	-	-	-
Total	**3,402,207**	**172,752**	**-**	**1,688**	**(357,628)**	**-**	**3,219,019**

The most significant changes that occurred during the first half of 2015 related to the Parent Company and mainly refer to investments made on the production lines in order to increase their efficiency and the production capacity.

2. Consolidation difference

A breakdown of this item at 30 June 2015 is highlighted in the following table:

(In Euro)

Goodwill	30-Jun-15	31-Dec-14
Goodwill on B&C Speakers Usa NA LLC	1,393,789	1,393,789
Writedowns	-	-
Total goodwill	**1,393,789**	**1,393,789**

The consolidation difference, which can be attributed to goodwill deriving from consolidation of the equity investment in B&C Speakers NA LLC, was Euro 1,394 thousand at 30 June 2015 (unchanged compared with 31 December 2015). This figure represents the surplus between the value of the investment entered at the purchase cost compared to the Group's portion of current values of assets, liabilities and identifiable contingent liabilities recognised in the financial statements of the subsidiary at the time of the first consolidation on 31 December 2004 and at the time of the purchase of the remaining 20% share on 31 December 2007.

The consolidation difference, together with the other assets of the American subsidiary, were subjected to impairment tests on the occasion of preparing the annual financial statements to which you are referred for the information about the main hypotheses and assumptions adopted in calculating the value in use.

The hypotheses formulated in preparing the industrial plan used for the impairment test carried out on the occasion of preparing the annual financial statements did not undergo significant changes during the period in question, as the forecast data of the American subsidiary were substantially in line with the final figures for the first half of 2015. Impairment indicators such as to lead the management to consider necessary an update of the impairment test carried out at 31 December 2014 in support of the recognition of the consolidation difference are therefore not present, at the date on which the present report was drawn up.

3. Other Intangible fixed assets

A breakdown of intangible assets at 30 June 2015, and the related changes in the period are shown in the following table:

(In Euro)

Other intangible fixed assets	31-Dec-14	Additions	Depreciation	30-Jun-15
Research & Development	-	-	-	-
Patent rights	86,778	4,495	36,017	55,256
Intangible assets in progress	49,471	844	-	50,315
Total	**136,249**	**5,339**	**36,017**	**105,571**

"Industrial and intellectual property rights" comprise software purchased from external suppliers, B&C Speakers trademark registration costs and costs for patent registration.
The increase in the period is due mainly to the costs incurred during integration of the corporate information system.

4. Deferred tax assets

As at 30 June 2015 this item includes assets for prepaid taxes of Euro 276 thousand (Euro 325 thousand as at 31 December 2014) relating to deductible temporary differences which were created following the recognition of not-entirely-deductible costs and as a result of alignment of the Parent Company's balances to the IFRS.

These amounts consist of prepaid taxes arising following the taxation of not-entirely-deductible costs during the period in relation to the Parent company and prepaid tax arising following derecognition of intra-Group margins.

Deferred tax assets have been recognised because the management expects the Company to generate future taxable income against which it can use this positive balance.

5. Other non-current assets - Other fixed receivables

As at 30 June 2015 this item is as follows:

(In Euro)

Other non current assets	30-Jun-15	31-Dec-14	Change	% Change
Insurance poilcies	303,405	254,012	49,393	19%
Guarantee deposits	57,096	57,096	-	0%
Ires refund receivables	156,212	156,212	-	0%
Others	6,539	6,026	513	9%
Total non current assets	**523,252**	**473,346**	**49,906**	**11%**

As at 30 June 2015, insurance refers to receivables accrued in respect of the insurance companies Milan Insurance and La Fondiaria Assicurazioni in relation to the capitalisation policies signed in order to guarantee adequate financial cover of the Directors’ severance pay.
The value of the assets relating to insurance policies recognised in the financial statements has been measured according to the value of the premiums paid.

“Guarantee deposits” reflects the amount receivable for guarantee deposits issued based on contracts for the lease of a building located in Bagno a Ripoli, Loc. Vallina, Via Poggio Moro No. 1, for Euro 48 thousand.

6. Inventories

Warehouse inventories are calculated according to the F.I.F.O. method and can be broken down as follows at 30 June 2015:

(In Euro)

Inventories	30-Jun-15	31-Dec-14	Change	Change %
Row materials and consumables	777.192	796.355	(19.163)	-2%
Work in progress and semi-finished	7.428.323	6.192.234	1.236.089	20%
Finished goods	1.484.737	1.235.708	249.029	20%
Gross Total	**9.690.252**	**8.224.297**	**1.465.955**	**18%**
Provision for inventory writedowns	(148.433)	(205.601)	57.168	-28%
Net Total	**9.541.819**	**8.018.696**	**1.523.123**	**19%**

The value of inventories is shown net of provisions for obsolescence of Euro 148 thousand as at 30 June 2015.

Change in Provision for inventory writedowns	31-Dec-14	Increase	Use	30-Jun-15
Provision for inventory writedowns	205,601	20,000	(77,168)	148,433
Total	**205,601**	**20,000**	**(77,168)**	**148,433**

The calculation of provisions for obsolescence was estimated following analyses carried out on the basis of the recoverability of the amounts suspended in stock and can be attributed almost exclusively to the category of semi-finished products which represent the largest proportion of the company's inventories.

The utilisation in the period was due to the scrapping of obsolete components no longer usable for production purposes.

The value of inventories as at 30 June 2015 increased overall with respect to the 31 December 2014 total. The increase in stock, concentrated in the categories of finished and semi-finished products, was due essentially to the need to deal with the significant order booked as at 30 June 2015 (approximately 9.5 million euro).

7. Trade receivables

Trade receivables relate to normal sales made to domestic and foreign customers and can be broken down as follows on 30 June 2015:

(In Euro)

Trade receivables	30-Jun-15	31-Dec-14	Change	Change %
Trade receivables	8,199,736	7,115,393	1,084,343	15%
(Provision for doubtful accounts)	(292,216)	(287,117)	(5,099)	2%
Total	**7,907,520**	**6,828,276**	**1,079,244**	**16%**

The adjustment of the nominal value of the Group's receivables to the estimated realisable value was obtained by means of specific Provisions for the Impairment of Receivables which amount to approximately Euro 292 thousand as at 30 June 2015, substantially unchanged compared with 31 December 2014.

The gross amount of trade receivables increased compared with 31 December 2014 following the higher volumes of turnover.

8. Tax receivables

As at 30 June 2015 tax receivables, of Euro 611 thousand (Euro 1,069 thousand as at 31 December 2014), consisted of receivables related to the American subsidiary for 369 thousand euro, of the tax credits of the Brazilian subsidiary for 107 thousand euro, of the VAT credit of the Parent Company for 99 thousand euro and of other smaller receivables for the remainder.

9. Other current assets

As at 30 June 2015 other current assets amounted to Euro 4,920 thousand (Euro 5,265 thousand as at 31 December 2014) and were made up as follows:

(In Euro)

Other current assets	30-Jun-15	31-Dec-14	Change	% Change
Receivables towards supplier	130,324	79,620	50,704	64%
Securities	4,589,291	4,966,597	(377,306)	-8%
Other minor receivables	16,397	21,752	(5,355)	-25%
Total other receivables	**4,736,012**	**5,067,969**	**(331,957)**	**-7%**
Commercial fairs	44,577	53,421	-8,844	-17%
Phone expenses	-	245	(245)	-100%
Assistance and assurance fees	42,358	41,059	1,299	3%
Specialist contract	10,000	32,250	(22,250)	-69%
Other	87,520	70,425	17,095	24%
Total prepaid expenses and accrued income	**184,455**	**197,400**	**(12,945)**	**-7%**
Total current assets	**4,920,467**	**5,265,369**	**(344,902)**	-7%

Securities held in the portfolio refer to asset management (for a nominal value of 5 million euro) denominated in Euro and held for short-term liquidity. These securities were measured at fair value and the estimated gain (Euro 21 thousand) recognised as financial expenses on the income statement. In April a part of the securities portfolio (for an original value of Euro 374 thousand) was disposed of, achieving a financial capital gain of Euro 43 thousand.

The item "Specialist contract" refers to accrued expenses for service fees relating to the portion accruing to the second half of 2014 to be paid to *Intermonte Sim S.p.A.* for its Specialist service.

10. Cash and cash equivalents

As required by Consob Communication No. DEM/6064293 of 28 July 2006 and in accordance with the CESR recommendation of 10 February 2005 "Recommendations for the standardised implementation of the regulation of the European Commission on financial statements", the Group's net financial position as at 30 June 2015 is detailed below:

(In Euro thousands)

	30 June 2015 (a)	31 December 2014 (a)	Change %
A. Cash	1,399	4,082	-66%
C. Securities held for trading	4,589	4,967	-8%
D. Cash and cash equivalent (A+C)	**5,988**	**9,049**	**-34%**
F. Bank overdrafts	(5,889)	(6,501)	-9%
G. Current portion of non current borrowings	(179)	(186)	-4%
I. Current borrowingse (F+G)	**(6,068)**	**(6,687)**	**-9%**
J. Current net financial position (D+I)	**(79)**	**2,362**	**-103%**
K. Non current borrowings	(294)	(358)	-18%
N. Non current borrowings	**(294)**	**(358)**	**-18%**
O. Total net financial position (J+N)	**(373)**	**2,004**	**-119%**

Note: The net financial position, calculated by the Parent Company management as detailed above, is not identified as an accounting measurement under the Italian Accounting Standards or the IFRSs endorsed by the European Commission. Therefore, the measurement criteria may not be consistent with that adopted by other operators and/or groups and may, therefore, not be comparable. Moreover, the definition may differ from that established by the Issuer's loan contracts.

Below is a statement of reconciliation between the net final cash and cash equivalents highlighted in the consolidated statement of cash flows and the net financial position shown above.

	30-Jun-15	31-Dec-14
Cash and cash equivalents at end of the period	**510**	**4,082**
Current portion of non current borrowings	(5,179)	(6,687)
Non current borrowings	(294)	(358)
Securities held for trading	4,589	4,967
Total net financial position	**(373)**	**2,004**

For further details concerning the change in cash and cash equivalents, please refer to the enclosed consolidated statement of cash flows.

11. SHAREHOLDERS' EQUITY

- Share Capital

The share capital was Euro 1,083 thousand at 30 June 2015 and had decreased by Euro 3 thousand following accounting for the purchase of treasury shares according to the provisions of the IAS/IFRS. As a result of the continuation of the buy-back plan, on 30 June 2015, B&C Speakers S.p.A. held a total of 139,390 equal to 1.27% of the share capital.

At the date of this report (August 2015), the number of treasury shares possessed had changed and was 169.890 representing 1,54% of the share capital; the weighted average purchase price of the shares in the portfolio was Euro 4.66.

- Other reserves

This item, equal to Euro 4,053 thousand as at 30 June 2015, comprises the legal reserve for Euro 379 thousand, the extraordinary reserve for Euro 44 thousand, the reserve for unrealised capital gains on currency exchange for Euro 26 thousand and the share premium reserve for Euro 3,604 thousand.

In particular, the share premium reserve, which originated when the ordinary shares of the Parent Company were listed, during this half-year, fell by Euro 173 thousand following the recognition of operations carried out on treasury shares.

- Profit/(loss) carried forward

This item includes the economic results of previous years.

- Fair value reserve

This item includes the effects on shareholders' equity of the actuarial component of severance indemnity.

- Comprehensive profit/loss for the period

This item comprises the net profit for the period of Euro 2,637 thousand and other profits/(losses) for the period for a positive value of Euro 58 thousand related to the profits generated by the conversion of the financial statements of foreign companies recognised in compliance with IAS 1, revised for Euro 48 thousand, and the actuarial gains component deriving from the actuarial measurement of severance indemnity for Euro 10 thousand. This financial component is stated, net of the related tax effect of Euro 4 thousand, amongst other comprehensive income items, as envisaged by the amendment to IAS 19.

12. Medium-/long-term financial debt

This item amounted to Euro 294 thousand as at 30 June 2015 (Euro 358 thousand as at 31 December 2014) and is made up as follows:

(In Euro)

Long-term borrowings	30-Jun-15	31-Dec-14	Change	% Change
Credemleasing loan	43,948	58,331	(14,383)	-25%
Long-term Simest loan	250,000	300,000	(50,000)	-17%
Total long-term borrowing	**293,948**	**358,331**	**(64,383)**	**-18%**

The "Credem Leasing loan", (Euro 44 thousand as at 30 June 2015), includes the portion due beyond the next 12 months of the implicit debt connected with two leasing contracts stipulated in 2010 and related to two forklift trucks and a palletising plant.

The item "Long-term Simest loan" (Euro 250 thousand as at 30 June 2015), includes the portion due beyond the next 12 months of the unsecured long-term loan agreed with Simest S.p.A. on 19 April 2011 for an original amount of Euro 500 thousand. This loan was granted by the Italian company for businesses abroad to protect capital stability and thus increase competitiveness on export markets.

In the table below we give the main characteristics and conditions of the above loans:

(In Euro)

Loans details	Simest Loan	CRF
Lender	Simest S.p.A.	Banca CR Firenze S.p.A.
Original amount	500,000	5,000,000
Contract date	19-Apr-11	4-Aug-14
Due date	31-Dec-18	6-Aug-15
N. instalments	10	1
N. pre- instalments	5	-
Periodicity	Half-yearly	Single installment
Interest rate	Preammortamento: 2,49% Ammortamento: 0,5%	Interbancario + 0,5%
Current portion	150,000	5,000,000
Non current portion	250,000	-

13. Provisions for personnel and similar

The item includes liability accrued in relation to employee severance indemnity and liability accrued against the severance indemnity envisaged for Directors at end of their mandate.

In order to recognise the severance indemnity appropriately, the financial-actuarial value of the liabilities was recalculated, for each employee, to determine a liability similar to that which arises in defined benefit pension plans, in accordance with the guidelines of IAS 19. These provisions are stated net of any advances paid and cash disbursed following resignations which occurred during the period in review.

The present value of liabilities for severance indemnity, in accordance with IAS 19, is Euro 354 thousand (Euro 388 thousand as at 31 December 2014).

Severance indemnity is a defined-benefit obligation booked in accordance with IAS 19 - Employee Benefits. The amount of severance indemnity is calculated by applying the Projected Unit Credit Method, performing actuarial evaluations at the end of the reporting period.

Please note that during first-time application, the Group had decided not to use the “Corridor Method” and, therefore, to recognise the said actuarial components in the income statement.

The amendment to IAS 19 - Employee Benefits eliminates the option of deferring recognition of actuarial gains and losses with the “Corridor Method”, instead requiring presentation on the statement of financial position of the full deficit or surplus of the provisions, and separate recognition on the income statement of the cost components connected with the employment and net financial expenses, and the recording of actuarial gains and losses deriving from the re-measurement each year of assets and liabilities amongst the items of the comprehensive income statement.

The following are the technical and economic bases used for the assessment of Severance Indemnity:

Technical parameters

		30-Jun-15
Technical annual discounting rate		1.44%
Annual inflation rate	2015	0.60%
	2016	1.20%
	2017 - 2018	1.50%
	2019 and over	2.00%
Annual TFR increase rate	2015	1.95%
	2016	2.40%
	2017 - 2018	2.63%
	2019 and over	3.00%

With regard to the evaluation of the discount rate, the reference used was the IBoxx Eurozone Corporate AA index of June 2015 with a duration from 7 to 10 years (in line with the average duration of the evaluated group).

In compliance with the provisions of the new IAS 19, the following tables provide:

- sensitivity analysis for each relevant actuarial hypothesis at the end of the period, showing the effects that would have been seen following the changes made to the actuarial hypotheses reasonably possible at that date, in absolute terms;

- indication of the contribution for the following financial year;

- indication of the average financial term of the obligation for defined benefit plans.

Sensitivity analysis

	DBO June 30, 2015
Turnover rate +1%	352,225
Turnover rate -1%	356,163
Inflation rate + 0,25%	358,238
Inflation rate - 0,25%	349,979
Discount rate + 25%	347,533
Discount rate - 25%	360,851

Estimated future payments

Year	**Amount**
1	29,765
2	64,756
3	22,405
4	20,937
5	19,651

Service Cost and Duration

Service Cost	0.00
Duration	8.10

Provisions for Directors' Severance Pay as at 30 June 2015 amounted to Euro 279 thousand

(Euro 254 thousand as at 31 December 2014) and, in order to recognise them, for each Director, provisions were set aside for the portion matured during the period on the basis of the existing agreement.

14. Provisions for risks

As at 30 June 2015 the item, of Euro 82 thousand (unchanged from 31 December 2014), contains provisions to cope with the risk of warranty support for the Group's products. The value of these provisions was estimated on the basis of the historical trend of costs for the Parent Company's warranty support.

15. Deferred tax liabilities

As at 30 June 2015 the item included liabilities for deferred taxes of Euro 43 thousand (unchanged compared with 31 December 2014) mainly referable to the adjustment of Provisions for Severance Indemnities.

16. Short-term financial debt

This item amounted to Euro 5,753 thousand as at 30 June 2015 (Euro 6,687 thousand as at 31 December 2014) and is made up as follows:

(In Euro)

Short term borrowings	30-Jun-15	31-Dec-14	Change	% Change
Fidi Toscana loan	-	6,289	(6,289)	-100%
Credemleasing loan	28,542	30,077	(1,535)	-5%
Short-term Simest loan	150,000	150,000	-	0%
Short-term CRF loan	5,000,000	5,000,000	-	0%
Short-term Cedem loan	-	1,500,000	(1,500,000)	-100%
Bank overdrafts	888,976	303	888,673	293291%
Total	**6,067,518**	**6,686,669**	**(619,151)**	**-9%**

The “Credem Leasing” loan item, of Euro 29 thousand as at 30 June 2015, contains the short-term portion of the implicit loan related to leasing contracts signed in 2010.

The “Long-term Simest loan” item (Euro 150 thousand on 30 June 2015), includes the short-term portion of the unsecured long-term loan agreed with Simest S.p.A. on 19 April 2011 for an original amount of Euro 500 thousand.

In February of the current financial year, in accordance with the terms of the original loan contract, the short-term loan of 1.5 million euro agreed with Credito Emiliano S.p.A. in November 2014 was repaid.

For more details on the cash flows that have determined the change in short-term financial debt, please refer to the attached consolidated statement of cash flows.

17. Trade payables

This item includes amounts due to suppliers and provisions for invoices to be received.

(In Euro)

Trade payables	30-Jun-15	31-Dec-14	Change	% Change
Trade payables	4,243,756	4,391,910	(148,154)	-3%
Total trade payables	**4,243,756**	**4,391,910**	**(148,154)**	**-3%**

Payables to suppliers were substantially in line with the figure as at 31 December 2014.

18. Tax payables

This item as at 30 June 2015 was Euro 1,011 thousand (Euro 548 thousand as at 31 December 2014) and comprises the tax payables of the American subsidiary for Euro 532 thousand, the tax payables of the Brazilian subsidiary for Euro 3 thousand, the IRES payable of the Parent Company for Euro 360 thousand net of the advances paid, the IRAP payable of the Parent Company for Euro 56 thousand net of the advances paid, the payable for IRPEF withheld on employees for Euro 60 thousand.

19. Other current liabilities

As at 30 June 2015, this item is made up as follows:

(In Euro)

Other current liabilities	30-Jun-15	31-Dec-14	Change	% Change
Due to social security funds	149,109	223,453	(74,344)	-33%
Unused vacation time and holidays	464,430	277,456	186,974	67%
Due to personnel	199,764	178,861	20,903	12%
Other liabilities	161,784	129,517	32,267	25%
Total current liabilities	**975,088**	**809,287**	**165,801**	20%

The item “Accrued Personnel Costs” includes accruals for the thirteenth month bonus as well as the payable for remaining holidays at 30 June 2015. The increase in the payable compared with 31 December 2014 was due to the greater accumulation of holidays recorded physiologically at the end of the first half of the financial year compared with the end of the previous financial year.

The category of “amounts due to employees for salaries” includes payables for wages and salaries not yet paid at 30 June 2015 and settled within the third working day of the next month.

The item “Other payables” includes the payable accrued for the performance bonus payable to the management (Euro 58 thousand), the interest accrued on the loan agreed with Banca CR Firenze S.p.A. (Euro 20 thousand), the provision for the definition of the tax assessment completed in March 2015 (Euro 23 thousand) and other smaller amounts.

In relation to the tax assessment we can remind you that on 3 February 2015 the Florence Tax Police Unit visited the legal and administrative of the Parent Company to carry out a tax inspection for the purposes of direct taxes, VAT and other levies concerning tax year 2010. The inspection continued up to 31 March 2015 when a Notice of Findings was served on the Parent Company. Through its tax consultant, the Parent Company presented a defensive plea in which it raised a series of challenges against the Tax Authority's allegations.

On 18 June 2015 the Revenues Agency served on the Parent Company the Notice of Assessment which accepted, in part, the challenges presented in the defensive plea. The Parent Company opted for the solution of settling the assessment renouncing the presentation of an appeal. This solution made it possible to shorten considerably the settlement times with a reduction in the sanctions to one sixth and was preferred to the option of tax litigation, owing mainly to the small residual amounts contested which lead us to believe the solution chosen to be cheaper.

20. Guarantees given to third parties

As at 30 June 2015, as also as at 31 December 2014, there are no records of any guarantees given to third parties by Group companies.

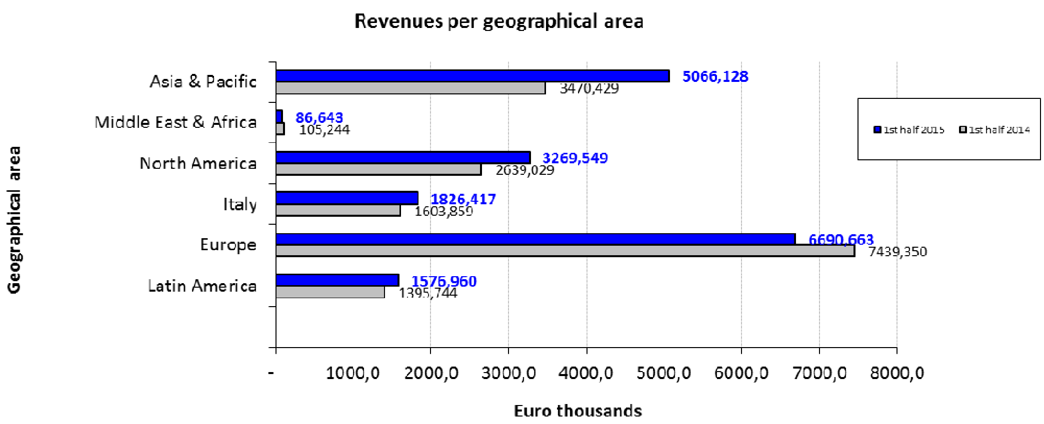
Analysis of the breakdown of the main items of the consolidated income statement closed as at 30 June 2015

21. Income from sales and services

(In Euro)

Geographical Area	1st half 2015	%	1st half 2014	%	Change	Change %
America Latina	1,576,960	8.5%	1,395,744	8.4%	181,216	13%
Europa	6,690,663	36.1%	7,439,350	44.7%	(748,687)	-10%
Italia	1,826,417	9.9%	1,603,859	9.6%	222,558	14%
Nord America	3,269,549	17.7%	2,639,029	15.8%	630,520	24%
Medio Oriente & Africa	86,643	0.5%	105,244	0.6%	(18,601)	-18%
Asia & Pacifico	5,066,128	27.4%	3,470,429	20.8%	1,595,699	46%
Totale	**18,516,361**	**100.0%**	**16,653,655**	**100.0%**	**1,862,706**	**11%**

The item can only be broken down in relation to the geographical area for the sales, as the Group's business segment is identifiable exclusively as the manufacture and sale of “top-quality professional loudspeakers”. Sales reported here are net of intra-Group transactions carried out by Group companies.



Sales on the Italian market in the course of the two periods here compared were made entirely by the Parent Company.

During the period the Group increased its presence on the Asian market (+46% with sales of 5 million euro) and achieved an excellent performance on the South American market (+13% with sales of 1.6 million euro) and the North American market (+24% with sales of 3.3 million euro). Also on the Italian market the results achieved were up compared with the first half of 2014 (+14% with sales of 1.8 million euro). On the European market a drop was instead recorded (-10% with sales of 6.7 million euro).

22. Other revenues and income

Other revenues achieved in the period, of Euro 130 thousand (Euro 104 thousand in the first half of 2014) were mainly related to the Parent Company and refer for Euro 119 thousand to recoveries of expenses (in part related to recoveries of energy costs obtained thanks to the solar panel plant) and for Euro 3 thousand to contingent assets.

23. Increase/(Decrease) in inventories of finished products and work in progress

The increase in inventories of finished and semi-finished products of approximately Euro 1,651 thousand was due essentially to the need to deal with the significant order booked as at 30 June 2015 (approximately 9.5 million euro).

24. Consumption of raw and ancillary materials and goods

The item is made up of:

(In Euro)

Consumption of raw material, consumable and other products	1st half 2015	1st half 2014	Change	Change %
Purchases:				
Raw materials and finished products	1,781,008	1,064,490	716,518	67%
Consumable supplies	66,733	66,372	361	1%
Semi-finished products	6,023,599	4,752,844	1,270,755	27%
Packings	201,517	181,125	20,392	11%
Stationery	8,483	2,101	6,383	304%
Purchase of other products	302,912	260,570	42,341	16%
Total purchases	**8,384,252**	**6,327,502**	**2,056,751**	**33%**
	-			
Change of raw material, consumable and other products	**19,163**	**(114,060)**	**133,224**	**-117%**
	-			
Consumption of raw material, consumable and other products	**8,403,416**	**6,213,441**	**2,189,974**	**35.2%**

As shown in the table above, total consumption of materials increase compared with the first half of 2014. This trend was due to a marked increase in production volumes compared with the first half of the previous financial year. Purchases of other goods relate to purchases of office machinery, small equipment for production and for the warehouse and to the purchase of goods for the development of the Sound Architecture business.

25. Personnel costs

The item is made up of:

(In Euro)

Payroll costs	1st half 2015	1st half 2014	Change	Change %
Salary and retribution	2,120,560	1,838,068	282,492	15%
Social charges	522,221	474,054	48,168	10%
Severance indemnities	105,770	92,903	12,867	14%
Executive retirement indemnities	24,697	25,874	(1,177)	-5%
Other employees costs	386,978	309,805	77,173	25%
Total labour cost	**3,160,226**	**2,740,703**	**419,523**	**15%**

The increase in personnel costs compared with first half of the previous financial year was due essentially to the increase in the workforce and to greater recourse to temporary personnel made in the first six months of the current financial year compared with 2014 to sustain the increased production levels.

26. Costs for services, leases and rentals

Costs for services, leases and rentals of Euro 3,919 thousand (Euro 3,220 thousand in the first half of 2014) recorded an increase of Euro 699 thousand due essentially to the increase in the variable component of these costs (consequent to the significant increase in production levels) with particular regard to work contracted out.

The category of costs for leases and rentals refers to the costs for property rents paid, including also rents from related companies which were in line with the first half of the previous financial year.

27. Amortisation/depreciation of Property, Plant and Equipment and Intangible Assets and impairment

The item is made up of:

(In Euro)

Amortization, depreciation and writedowns	I half 2015	I half 2014	Change	Change %
Amortization of intangibles assets	36,017	55,913	(19,896)	-36%
Depreciation of tangible assets	357,628	377,960	(20,332)	-5%
Total amortizations and depreciations	**393,645**	**433,873**	**(40,228)**	**-9%**
Bad debt provision	-	-	-	n/a
Warranty provision	-	29,217	(29,217)	-100%
Total Writedowns	**-**	**29,217**	**(29,217)**	**-100%**

The decrease in depreciation of property, plant and equipment was due to the combined effect of investments made by the Parent Company in the first half of 2015 (aimed at increasing manufacturing capacity) and the depreciation of the period.

During the period it was not necessary to set aside any provisions for warranties given that the provisions in being as at 30 June 2015 are sufficient to cover the cost of warranty support that the Company's management can reasonably expect on the basis of the historical trend of this parameter.

28. Other costs

The item “Other costs” of Euro 172 thousand (Euro 198 thousand in the first half of 2014) comprises mainly stock exchange expenses and charges of Euro 54 thousand, duties and stamp duty of Euro 9 thousand, and other smaller amounts.

29. Financial income and expenses

The item is made up of:

(In Euro)

Financial income and expenses	I half 2015	I half 2014	Change	Change %
Bank interest income	5,600	8,835	(3,235)	-37%
Interest on securities	43,255	9,152	34,104	n/a
Accrued income on securities	20,955	46,367	(25,412)	n/a
Exchange rate differences income	261,335	66,308	195,027	294%
Exchange rate differences accruals	(18,804)	3,527	(22,330)	-633%
Other financial income	10,543	1,542	9,001	n/a
Total financial income	**322,884**	**135,730**	**187,154**	**138%**
Interest expenses	(22,285)	(12,322)	(9,963)	81%
Financial expenses for Defined Benefit Obligation	-	(4,276)	4,276	-100%
Exchange rate difference expenses	(331,797)	(48,634)	(283,163)	582%
Exchange rate differences accruals	30,396	1,871	28,524	1524%
Other financial costs	-	(17,572)	17,572	n/a
Total financial expenses	**(323,686)**	**(80,933)**	**(242,753)**	**300%**
Total financial income (expenses)	**(802)**	**54,798**	**(55,599)**	**-101%**

The increase in financial income was due essentially to higher gains on currency exchange made consequent to the trend in the Euro/Dollar exchange rate.

The increase in financial expenses was mainly due to the increase in losses on currency exchange made.

30. Taxes

The item is made up of:

(In Euro)

Current and deferred taxes	I half 2015	I half 2014	Change	Change %
IRES	1.059.516	1.015.033	44.483	4%
IRAP	215.788	203.787	12.001	6%
B&C USA current taxes	101.730	51.789	49.941	96%
B&C Brasil current taxes	-	40.171,87	(40.172)	-100%
Tax settelement	29.726			
Total current taxes	**1.406.760**	**1.310.780**	**66.253**	**5%**
Deferred tax expenses/(income)	**44.600**	**(14.235)**	**58.835**	**-413%**
Total income taxes	**1.451.360**	**1.296.545**	**154.815**	**12%**

Income taxes are recognised on the basis of the best estimate of the average rate expected for the entire financial year (average tax rate expected on the basis of the Group's budget forecasts).

The item “Taxes from notice of assessment” of Euro 30 thousand refers to the expenses related to definition of the tax assessment (described in more detail in paragraph 19).

Deferred taxation refers essentially to deferred tax assets/liabilities originating from taxes prepaid following the elimination of intra-Group margins.

31. Related party transactions

The related parties were identified by Directors as the holding company *Research & Development International S.r.l.*, a company with registered office in Florence, Viale dei Mille No. 60, Tax Code 02342270481, share capital of Euro 90,000, which holds 61.52% of the shares of B&C Speakers S.p.A..

For a detailed description of the economic and financial transactions carried out with the said related parties see the indications provided in the paragraph "Transactions with related parties and subsidiaries under their control".

32. Transactions deriving from non-recurring operations

Under the terms of Consob Communication No. DEM/6064293 of 28 July 2006, we can specify that during the first half of 2015 no non-recurring operations occurred.

33. Transactions deriving from atypical and/or unusual operations

Under the terms of Consob Communication No. DEM/6064293 of 28 July 2006, we can specify that during the first half of 2015 the Group did not engage in any atypical and/or unusual operations, as defined in the said Communication.

Certification of the Half-Yearly Condensed Consolidated Financial Statements under the terms of Art. 154-bis of Italian Legislative Decree 58/98

1. The undersigned Simone Pratesi, as Chief Executive Officer and Francesco Spapperi, as Financial Reporting Manager of B&C Speakers S.p.A., hereby certify, also in view of the provisions of Art. 154-bis, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998:

- the adequacy with regard to the characteristics of the company, and

- the effective application of the administrative and accounting procedures for formation of the condensed interim financial statements during the first half of 2015.

2. We can also confirm that:

2.1 the half-yearly condensed consolidated financial statements:

- are drawn up in accordance with the applicable international accounting standards approved by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and the Council, of 19 July 2002, as well as the measures enacted to implement Art. 9 of Italian Legislative Decree No. 38/2005;

- correspond to the information in the accounting books;

- and provide a true and accurate representation of the economic, financial and capital position of the issuer and all companies included in the consolidation.

2.2 The interim report on operations includes a reliable analysis of references to significant events that occurred in the first six months of the year and their impact on the half-yearly condensed consolidated financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim report on operations also includes a reliable analysis of information on significant transactions with related parties.

Florence, 28 August 2015

Simone Pratesi

Financially-Delegated Director

Francesco Spapperi

Financial Reporting Manager

Deloitte.

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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
B&C SPEAKERS S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of B&C Speakers S.p.A. and subsidiaries (the "B&C Speakers Group"), which comprise the statement of financial position as of June 30, 2015 and the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the six-month period then ended, and the related selected explanatory notes. The Directors are responsible for the preparation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly interim financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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.

Conclusion

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

DELOITTE & TOUCHE S.p.A.
Signed by
Gianni Massini
Partner

Florence, Italy
August 28, 2015

This report has been translated into the English language solely for the convenience of international readers.