FINANCIAL STATEMENTS AS OF 31 DECEMBER 2014

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CORPORATE BODIES

BOARD OF DIRECTORS

CHAIRMAN	MR	FILIPPO CASADIO
EXECUTIVE DIRECTOR	MR	FRANCESCO GANDOLFI COLLEONI
NON-EXECUTIVE DIRECTOR	MR	GIANFRANCO SEPRIANO
INDEPENDENT DIRECTOR	MS	FRANCESCA PISCHEDDA
INDEPENDENT DIRECTOR	MR	ORFEO DALLAGO

BOARD OF STATUTORY AUDITORS

CHAIRMAN	MR	FABIO SENESE
STANDING STATUTORY AUDITOR	MR	ADALBERTO COSTANTINI
STANDING STATUTORY AUDITOR	MS	DONATELLA VITANZA
SUBSTITUTE STATUTORY AUDITOR	MR	GIANFRANCO ZAPPI
SUBSTITUTE STATUTORY AUDITOR	MS	CLAUDIA MARESCA

INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A.

RISK CONTROL AND REMUNERATION COMMITTEE

MR GIANFRANCO SEPRIANO
MS FRANCESCA PISCHEDDA
MR ORFEO DALLAGO

INTERNAL CONTROL MANAGER

MR WILMER NERI

SUPERVISORY BODY

MS PAOLA PRETI
MS FRANCESCA PISCHEDDA
MR GIANLUCA PIFFANELLI

CALLING OF ORDINARY SHAREHOLDERS' MEETING

The Shareholders are convened to the Ordinary Shareholders' Meeting, in first call on 24/04/2015 at 11 am at the registered office of the Company and, if required, in the second call scheduled for 04/05/2015, in the same location and time, in order to discuss and resolve on the following

AGENDA

- Separate financial statements as of 31/12/2014 and related reports of the Board of Directors and the Board of Statutory Auditors, and consequent resolutions;
- Presentation of the consolidated financial statements as of 31/12/2014;
- Remuneration report and consequent resolutions.

SHARE CAPITAL AND VOTING RIGHTS – The share capital of the Company is equal to Euro 14,626,560 and divided into 28,128,000 ordinary shares. Each ordinary share gives the right to one vote in the ordinary and extraordinary Shareholders' Meetings of the Company. As of the current date, the Company owns 1,370,324 own shares which represent 4.87 % of the share capital, and whose vote is suspended in accordance with Article 2357-ter of the Italian Civil Code.
RIGHT TO ATTEND – In accordance with article 83-*sexies* of Italian Legislative Decree 58/1998, the right to attend the Shareholders' Meeting and to exercise the voting right is established by a communication addressed to the Company – made by the intermediary, in accordance with its accounting records – in the favour of the owner of voting rights and based on the evidence available at the end of the accounting day of the seventh trading day prior to the date established for the Meeting in first call; credit and debit entries made after this deadline are not applicable for determining the right to exercise the voting right in the Meeting. Those determined to be owners of Company shares only after that date will not be entitled to attend and vote in the Meeting. The Company must receive the above-mentioned communication from the intermediary at least two business days before the first call. The above does not prejudice the right to attend and vote should the Company receive the communication beyond that date but before the beginning of the Meeting in first call.
VOTING BY PROXY – Each Shareholder may appoint a proxy, in accordance with the law and in writing, by signing the proxy form issued upon request of the entitled party by qualified intermediaries or available on the website www.irce.it. The proxy can also be sent via registered mail with receipt of return to the registered office of the Company, or certified e-mail to the address ircespa-pec@legalmail.it, attaching a copy of a valid identification document of the principal.
The Company has appointed as Designated Representative, in accordance with Article 135-undecies of Italian Legislative Decree 58/1998 (Consolidated Financial Act), Ms Carmela Cappello (lawyer), who may be appointed as proxy and receive voting instructions on the condition that she receives this proxy via registered mail with receipt of return to Studio legale Carmela Cappello, via Garibaldi No. 68 Imola (Bologna), Italy, or certified e-mail to carmelacappello@ordineavvocatibo.postecert.it, by the end of the second trading day prior to the date of the Meeting in first call. The proxy granted in this manner is valid only for proposals for which the principal has provided voting instructions; the principal may revoke the proxy and voting instructions before the above deadline. A proxy form is available on the website www.irce.it.
QUESTIONS ON THE TOPICS ON THE AGENDA – Pursuant to Article 27-ter of Italian Legislative Decree 58/1998, Shareholders can present questions on the topics on the agenda even before the Meeting via registered mail with receipt of return to the registered office of the Company or certified e-mail sent to ircespa-pec@legalmail.it. The questions, complete with the personal details of the shareholder asking the question and the certification proving the ownership of the shares, must be delivered to the Company by 10:00 am of the day prior to the date of the Meeting in first call.

ADDITIONS TO THE AGENDA — Shareholders which represent, including jointly, at least 2.5% of the share capital can request - in writing and within 10 days from the date of publication of this notice, and in compliance with the provisions of Article 126-bis of Italian Legislative Decree 58/1998 (Consolidated Financial Act) - to add topics to the agenda, indicating in their request any additional topics they propose. This request must be sent via registered mail with return receipt to the Registered Office of the Company or certified e-mail to the address ircespa-pec@legalmail.it. A report on the topics being proposed for discussion must be submitted, by the same deadline and in the same manner, to the Board of Directors of the Company. Furthermore, and in accordance with the provisions of Article 126-bis, paragraph 3, of the Consolidated Financial Act, Shareholders may not submit additions to the agenda for topics on which the Meeting decides based on a proposal from the Directors or a project they prepared.

DOCUMENTATION – The documentation concerning the Meeting will be available to the public, within the terms established by the laws in force, at the Registered Office of the Company, Borsa Italiana S.p.A., and on the website www.irce.it. Shareholders are entitled to obtain a copy of the filed documentation.

This notice is published also on the Company's website and the newspaper "Il Giornale".

Imola, 13 March 2015

REPORT ON OPERATIONS
FOR 2014

Consolidated performance for 2014

Introduction

Given the significance of the activities of the parent company IRCE S.p.A. (henceforth also referred to as the "Company") within the realm of the consolidated financial statements of the IRCE Group, this Report on Operations is drafted together with the separate financial statements of IRCE S.p.A. as well as the consolidated financial statements of the IRCE Group.

Dear Shareholders,

In 2014, the IRCE Group (henceforth also referred to as the "Group") improved its results compared to 2013, even though demand slowed down in the second quarter.

Volumes of winding wires rose thanks to the contribution of Irce Brazil, whereas in Europe sales remained unchanged from 2013. Sales volumes in the cable segment, for which Europe represents the reference market, were low—but in line with the previous year—due to the ongoing severe crisis in the construction industry.

Consolidated turnover amounted to € 350.61 million, down 2.3% from € 358.80 million in 2013 due to the decline in the average price of copper, which fell by over 6% year-on-year.

Turnover without metal[1] was up 4.3%, the winding wire sector grew by 4.9%, and the cable sector by 1.5%.

In detail:

Consolidated turnover without metal (€/million)	Year 2014 Value	Year 2014 %	Year 2013 Value	Year 2013 %	Change %
Winding wires	65.9	*83.2%*	62.8	*82.7%*	*4.9%*
Cables	13.3	*16.8%*	13.1	*17.3%*	*1.5%*
Total	79.2	*100.0%*	75.9	*100.0%*	*4.3%*

The following table shows the changes in results compared to the previous year, including adjusted EBITDA and EBIT.

Consolidated income statement data (€/million)	Year 2014	Year 2013	Change
Turnover	350.61	358.80	8.19
EBITDA	10.74	9.53	1.21
EBIT	2.42	0.91	1.51
Profit before tax	6.91	0.65	6.26
Net profit	3.80	0.11	3.69
Adjusted EBITDA	13.93	10.48	3.45
Adjusted EBIT	5.61	1.86	3.75

For details on 2013 restatements, please refer to the Explanatory Notes.

[1] Turnover without metal corresponds to overall turnover after deducting the metal component.

[2] The item "Turnover" represents the "Revenues" reported in the income statement.

[3] EBITDA is a performance indicator the Group's Management uses to assess the operating performance of the company and is not and IFRS measure; IRCE S.p.A. calculates it by adding amortisation/depreciation, provisions and write-downs to EBIT.

[4] Adjusted EBITDA and EBIT are respectively calculated as the sum of EBITDA and EBIT and the gains/losses on transactions on copper derivatives (€+3.19 million in 2014 and €+0.95 million in 2013). These are indicators the Group's Management uses to monitor and assess the operating performance of the Group and are not IFRS measures. Given that the composition of these measures is not regulated by the reference accounting standards, the criterion used by the Group may not be consistent with that adopted by others and therefore not comparable.

As of 31 December 2014, net financial debt was € 49.64 million, down from € 61.33 million at the end of 2013 thanks to cash flows from operating activities.

Consolidated statement of financial position data (€/million)	As of 31/12/2014	As of 31/12/2013	Change
Net invested capital	187.36	194.37	7.01
Shareholders' equity	137.72	133.04	4.68
Net financial debt	49.64	61.33	11.69

Investments

Investments totalled € 2.67 million and concerned mainly the winding wire sector.

Primary risks and uncertainties

The Group's primary risks and uncertainties as well as risk management objectives and policies are detailed below:

Market risk
These are the risks associated with trends in the end markets for the Group's products.
Specifically, there is the risk that economic growth in Europe will fall short and arrive later than expected by leading institutions. This could keep demand down in the various end markets, such as the automotive, household appliance and construction markets, which are more exposed to overall economic performance. This risk is mitigated by the increase in turnover outside of Europe.

Risk associated with changes in financial and economic variables

- *Exchange rate risk*
  The Group primarily uses the Euro as the reference currency for its sales transactions. It is exposed to exchange rate risks in relation to its copper purchases, which it partly carries out in dollars; it hedges those using forward contracts. It is also exposed to foreign currency translation risks for its investments in Brazil, the UK, India, Switzerland, and Turkey.
  As for the foreign currency translation risk, the Group believes this risk concerns mainly the investment in Brazil due to the high volatility of the real, which impacts the investment's carrying amount.

  Here below is a sensitivity analysis that shows the hypothetical accounting effects on the Group's statement of financial position, simulating a +/-5% change in the EUR/BRL exchange rate compared to 31 December 2014 (3.22 EUR/BRL):

Consolidated statement of financial position data €/million	31/12/2014	Change in EUR/BRL exchange rate +5% Change	-5% Change
Non-current assets	70.38	(1.14)	1.27
Current assets	178.33	(1.08)	1.19
TOTAL ASSETS	248.71	(2.22)	2.46
Total Shareholders' Equity	137.72	(1.98)	2.18
Non-current liabilities	11.98	(0.17)	0.19
Current liabilities	99.01	(0.07)	0.09
TOTAL LIABILITIES	248.71	(2.22)	2.46

[5] Net financial debt is measured as the sum of short-term and long-term financial liabilities less cash and financial assets, see note No. 16. It should be noted that the methods for measuring net financial debt comply with the methods for measuring the Net Financial Position as defined in Consob Resolution No. 6064293 of 28 July 2006 and CESR recommendation of 10 February 2005.

- *Interest rate risk*
  During 2014, the Group financed its operations with short-term floating rate bank loans, except for a medium/long-term fixed rate loan denominated in Euros that was closed in December 2014 and hedged with an IRS contract, and a medium/long-term fixed rate loan denominated in CHF.

  Here below is a sensitivity analysis showing the effects on the result by simulating a +/- 25 basis points change in interest rates:

		Change in interest rates	
Consolidated income statement data		-25 bps	-25 bps
€/million	Year 2014	Change	Change
Turnover	350.61	-	-
EBITDA	10.74	-	-
EBIT	2.42	-	-
Net profit	3.80	(0.10)	0.10

- *Risks related to fluctuations in prices of raw materials*
  The main raw material used by the Group is copper. The changes in its price can affect margins as well as financial requirements. In order to mitigate the potential effect on margins of changes in the price of copper, the Group implements a hedging policy using forward contracts on the positions generated by operating activities.
  Here below is a sensitivity analysis showing the effects on the Group's turnover and results by simulating a +/- 5% change in the LME copper price compared to its 2014 average, and assuming the change in the price of copper is fully hedged:

		Change in the price of copper	
Consolidated income statement data		+5%	-5%
€/million	Year 2014	Change	Change
Turnover	350.61	12.03	(12.03)
EBITDA	10.74	1.62	(3.97)
EBIT	2.42	1.62	(3.97)
Profit before tax	6.91	0.22	(0.10)

Financial risks
These are risks associated with financial resources.

- *Credit risk*
  The credit position does not present particular concentrations. The Group constantly monitors this risk using adequate assessment and lending procedures.

- *Liquidity risk*
  Based on its financial situation, the Group rules out the possibility of difficulties in meeting obligations associated with liabilities. Once again in 2014, it drew down smaller amounts on its bank credit lines due to the decline in the price of raw materials.

Outlook

In the winding wire sector, Europe is witnessing a modest growth in volumes compared to the last few months of 2014, and the trend is expected to consolidate in the second half—although market conditions will remain challenging. As for the cable sector, volumes are expected to rise slightly in the second half.

Information on IRCE S.p.A. performance

The financial statements of the parent company IRCE S.p.A. show a turnover of € 220.45 million, down from € 234.28 million in the previous year due to the decline in the average price of copper—which fell by over 6% year-on-year.

Both product lines, for which Europe is the main market, suffered from challenging economic conditions. Sales of winding wires were in line with 2013, whereas the cable sector registered low sales volumes—but nonetheless comparable to the previous year—due to the lingering crisis in the construction industry.

Against this backdrop, the Group posted a profit of € 1.04 million, up from € 0.86 million in 2013.

Intra-group transactions and transactions with related parties

The transactions between the Parent Company and the subsidiaries are of a commercial and financial nature. For more details, please refer to the relevant note in the separate financial statements.

With regard to transactions with related parties, including intra-group transactions, it should be noted that they can be classified neither as atypical nor unusual, as they are part of the normal course of business of the Group's companies and have been carried out at arm's length.

Corporate governance

IRCE S.p.A. adopts the provisions of the Corporate Governance Code published by Borsa Italiana S.p.A. as a reference for its corporate governance.
The report on corporate governance and the shareholding structure pursuant to Article 123-bis of the Consolidated Financial Act is available at www.irce.it –Investor Relations, in compliance with Article 89-bis of Regulation No. 11971/1999 issued by Consob. This report aims to provide the market and shareholders with a complete disclosure on the governance model chosen by the Company and its actual compliance with the provisions of the Code during 2014.
On 28/03/08, the Company IRCE S.p.A. adopted the organisational, management and control model pursuant to Italian Legislative Decree No. 231/2001 and created the Supervisory Body, which is responsible for monitoring the operation, updating and compliance of the model.

In 2014, the Company, together with the Supervisory Body, examined the regulatory changes to determine their potential implications for the company. The main change was the amendment of Article 25 – quinquies of Italian Legislative Decree 231/2001, introducing the offence of child grooming also by using pornographic material (Article 609-undecies of the Italian Criminal Code). The Company verified that it has procedures and IT security solutions in place protecting it from committing said offence.

Own shares and shares of the parent company

The number of own shares as of 31/12/2014 was 1,920,324, i.e. 6.83% of total shares and equal to a nominal value of € /000 999. As of 31/12/2014, the Company does not own shares in the parent company Aequafin S.p.A, nor did it trade in them during 2014.

R&D activities

Research and development activities in 2014 focused on projects to improve processes and products; in particular, the Group continues to work on projects to improve the characteristics of insulating paints and develop new production processes for fine wires and rectangular cross-section conductors.
This year, R&D expenses were recognised in the income statement, as they are not certain to be recovered in the future through future profits.

Other information

With regard to the "Conditions for the listing of shares of companies with control over companies established and regulated under the law of non-EU countries" pursuant to Articles 36 and 39 of the Regulation on Markets (Consob Resolution No. 16191/2007), the Company declares it complies with the provisions of the above-mentioned Regulation.

The attached consolidated and separate annual financial statements are audited by the company PricewaterhouseCoopers S.p.A.

Events following the reporting date

No significant events occurred between the end of financial year 2014 and today's date.

Statement of reconciliation of shareholders' equity and consolidated result with the corresponding figures of the Parent Company

In accordance with Consob Communication dated 28 July 2006, here below is the reconciliation between the result for the year and shareholders' equity of the Group with the corresponding amounts in the Parent Company separate financial statements:

	31 december 2014	
	Shareholders' equity	Result
Shareholders' equity and result for the year as per the parent Company's financial statement	**137.943.829**	**1.034.876**
Cancellation of book value of consolidated equity investments		**-**
a) differnce between book value and pro-rata value of shareholders' equity	5.320.566	**-**
b) investees' pro-rata results	991.959	991.959
c) book value and capital gains (loss) recognised at the acquisition data of the investees	2.031.387	-
Reversal of write-dowm of equity investments in subsidiaries	2.299.605	2.299.605
Foreign currency translation of financial statements in currencies other than euro	(9.185.576)	-
Write-off of capital gains from disposal of intra-group assets	(169.238)	70.381
Adjustments to depreciation IRCELTDA	(204.083)	-
Deferred taxes IRCE SL and Magnet Wire	(1.383.571)	(603.177)
Adjustments ISOMET AG	17.281	17.281
Write-off of unrealized intra-group margin	(211.427)	(18.010)
Group shareholders' equity and result for the year	137.450.735	3.792.915
Shareholders' equity and result for the year attributable to non-controlling interests	264.740	1.595
Consolidated shareholders' equity and net result	**137.715.475**	**3.794.509**

Dear Shareholders,

We invite you to approve the separate financial statements of IRCE S.p.A. as of 31/12/2014, reporting a profit of € 1,034,876.

We propose to approve the distribution of a € 0.03 dividend per share, to be paid out of the profit of the year, with ex-dividend date on 25 May 2015, record date on 26 May 2015, and payment date on 27 May 2015. In addition, we propose to allocate the remaining net profit after the payment of the dividends to the Extraordinary Reserve.

The Board thanks the Shareholders for their trust, all personnel for the service rendered during the year, and the Board of Statutory Auditors for the control activities carried out and the valuable advice.

Imola, 13 March 2015

On behalf of the Board of Directors

The Chairman

Mr Filippo Casadio

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	31/12/2014	31/12/2013
NON-CURRENT ASSETS			
Goodwill and other intangible assets	1	2,418,905	2,503,175
Property, plant and equipment	2	59,878,553	63,366,928
Equipment and other tangible fixed assets	2	1,623,962	1,509,226
Fixed assets under construction and advances	2	441,920	1,372,790
Non-current financial assets and receivables	3	111,858	110,908
Non-current tax receivables	4	2,894,722	4,371,500
Deferred tax assets	5	3,013,664	4,016,426
TOTAL NON-CURRENT ASSETS		**70,383,584**	**77,250,953**
CURRENT ASSETS			
Inventories	6	94,897,885	82,516,486
Trade receivables	7	71,691,779	66,345,511
Current tax receivables	8	2,354,565	2,656,182
Receivables due from others	9	1,631,323	945,167
Current financial assets	10	1,185,817	619,476
Cash and cash equivalents	11	6,567,380	5,625,260
TOTAL CURRENT ASSETS		**178,328,749**	**158,708,082**
TOTAL ASSETS		**248,712,333**	**235,959,035**

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31/12/2014	31/12/2013
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	12	14,626,560	14,626,560
RESERVES	12	119,029,666	118,033,800
PROFIT FOR THE PERIOD	12	3,794,509	110,978
TOTAL SHAREHOLDERS' EQUITY OF THE GROUP		**137,450,735**	**132,771,338**
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**264,740**	**264,351**
TOTAL SHAREHOLDERS' EQUITY		**137,715,475**	**133,035,689**
NON-CURRENT LIABILITIES			
Non-current financial liabilities	13	3,251,830	1,629,195
Deferred tax liabilities	5	1,099,952	1,391,840
Provisions for risks and charges	14	1,675,283	1,303,198
Employee benefits' provisions	15	5,954,529	5,667,232
TOTAL NON-CURRENT LIABILITIES		**11,981,594**	**9,991,466**
CURRENT LIABILITIES			
Current financial liabilities	16	53,424,816	66,397,663
Trade payables	17	34,290,234	16,818,767
Tax payables	18	2,595,190	1,470,348
Social security contributions	19	2,105,954	2,128,585
Other current liabilities	20	6,599,070	6,116,515
TOTAL CURRENT LIABILITIES		**99,015,264**	**92,931,878**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**248,712,333**	**235,959,035**

The effects of related party transactions on the consolidated statement of financial position are reported in Note 32 "Related party disclosures".

CONSOLIDATED INCOME STATEMENT

	Notes	31/12/2014	31/12/2013
Revenues	21	350,611,474	358,794,616
Other revenues and income	22	1,137,898	1,033,260
(of which: non-recurring)		*373,334*	*25,663*
TOTAL REVENUES		**351,749,372**	**359,827,876**
Costs for raw materials and consumables	23	(280,221,132)	(279,021,030)
Change in inventories of work in progress and finished goods		3,778,765	(7,568,409)
Costs for services	24	(31,602,065)	(32,479,277)
Personnel costs	25	(31,571,134)	(30,082,556)
Amortisation/depreciation	26	(7,310,197)	(7,484,023)
Provisions and write-downs	27	(1,017,405)	(1,140,221)
Other operating costs	28	(1,389,837)	(1,145,039)
EBIT		**2,416,367**	**907,321**
Financial income / (charges)	29	4,491,301	(258,316)
(of which: non-recurring)		-	*932,365*
PROFIT BEFORE TAX		**6,907,668**	**649,005**
Income taxes	30	(3,114,753)	(552,001)
PROFIT BEFORE NON-CONTROLLING INTERESTS		**3,792,915**	**97,004**
Non-controlling interests		1,594	13,974
PROFIT FOR THE PERIOD		**3,794,509**	**110,978**

Earnings/(loss) per share (EPS)			
- basic EPS for the year attributable to ordinary shareholders of the parent company	31	0.1447	0.0042
- diluted EPS for the year attributable to ordinary shareholders of the parent company	31	0.1447	0.0042

The effects of related party transactions on the consolidated income statement are reported in Note 32 “Related party disclosures”.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	31.12.2014	31.12.2013
€/000		
PROFIT / (LOSS) BEFORE NON-CONTROLLING INTEREST	**3.793**	**97**
Foreign currency translation difference	1.548	(9.032)
Net profit / (loss) from Cash Flow Hedge	30	72
Income taxes	(8)	(20)
	22	52
Total other profit / (loss); net of tax which may be subsequently reclassified to profit / (loss) for the period	**1.570**	**(8.980)**
Net profit / (loss) - IAS 19	(541)	570
Income taxes	129	(128)
	(412)	442
Total other profit / (loss) net of tax, which will not subsequently reclassified to profit / (loss) for the year	**(412)**	**442**
Total profit / (loss) from statement of comprehensive income, net of taxes	**1.158**	**(8.538)**
Total comprehensive profit / (loss), net of taxes	**4.951**	**(8.441)**
Ascribable to:		
Sharelders of the parent company	**4.953**	**(8.427)**
Minority Shareholders	**(2)**	**(14)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital		Other reserves			Reatined earnings									
€/000	Share capital	Own shares	Share premium reserve	Own shares (shares premium)	Other reserves	Foreing currency transaction reserve	Legal reserve	Extraordinary reserve	Cash Flow Hedge reserve	Actuarial reserve	Undivided profit	Result for the period	Total	Minority interest	Total shareholders' equity
Balance as of 31 december 2011	**14.627**	**(996)**	**40.539**	**(406)**	**45.924**	**(1.702)**	**2.925**	**26.194**	**(74)**	**(1.190)**	**14.826**	**1.109**	**141.776**	**236**	**142.011**
Result for the year												111	111	(14)	97
Other comprehensive profit/(loss)						(9.032)			52	442			(8.538)		(8.538)
Total profit/(loss) from statement of comprehensive income						**(9.032)**			**52**	**442**		**111**	**(8.427)**	**(14)**	**(8.441)**
Allocation of the result of the previous year								4.388			(3.279)	(1.109)			
Other Movements											(50)		(50)	42	(8)
Dividends								(524)					(524)		(524)
Balance as of 31 december 2012	**14.627**	**(996)**	**40.539**	**(406)**	**45.924**	**(10.734)**	**2.925**	**30.058**	**(22)**	**(748)**	**11.496**	**111**	**132.772**	**264**	**133.036**
Result for the year												3.795	3.795	(2)	3.793
Other comprehensive profit/(loss)						1.548			22	(412)			1.158		1.158
Total profit/(loss) from statement of comprehensive income						**1.548**			**22**	**(412)**		**3.795**	**4.952**	**(2)**	**4.951**
Allocation of the result of the previous year								857			(746)	(111)			
Other Movements											(4)		(4)	3	(1)
Dividends								(262)					(262)		(262)
Purchase and sale of own shares		(3)		(6)									(9)		(9)
Balance as of 31 december 2013	**14.627**	**(999)**	**40.539**	**(412)**	**45.924**	**(9.186)**	**2.925**	**30.653**	**0**	**(1.160)**	**10.746**	**3.795**	**137.450**	**265**	**137.715**

With regard to the items of consolidated shareholders' equity, please refer to note 12.

CONSOLIDATED STATEMENT OF CASH FLOWS	31/12/2014	31/12/2013
€/000		
OPERATING ACTIVITIES		
Net profit for the period	**3.795**	**111**
Adjustments for:		
Amortization/depreciation	7.310	7.484
Change in deferred taxes	711	(258)
(Gains)/losses from disposals of fixed assets	(391)	(22)
(Gains)/losses on unrealized translation differences	(734)	(854)
Taxes	2.183	1.269
Financial income/(loss)	(3.283)	151
Operating profit/(loss) before change in working capital	**9.591**	**7.880**
Taxes paid	(1.296)	(1.623)
Decrease (increase) in inventory	(12.381)	17.628
Change in current assets and liabilities	14.648	4.345
Change in non-current assets and liabilities	658	(749)
Change in non-current assets and liabilities to related parties	-	(434)
Exchange difference on translation of financial statement in foreign currency	177	(1.118)
CASH FLOW PROVIDED BY OPERATING ACTIVITIES	**11.396**	**25.929**
INVESTING ACTIVITIES		
Investments in intangible assets	(58)	(230)
Investments in tangible assets	(2.614)	(4.945)
Proceeds from disposals	748	39
CASH FLOW USED IN INVESTING ACTIVITES	**(1.924)**	**(5.136)**
FINANCIAL ACTIVITIES		
Repayment of borrowings	(2.204)	(2.192)
Change in current other financial payables	(9.146)	(15.223)
Exchange difference on translation of financial statement in foreign currency	67	28
Change in current financial assets	(566)	100
Interest paid	(2.669)	(3.874)
Interest received	5.952	3.723
Change in minority shareholders' capital	0	29
Dividends paid	(262)	(524)
Change in translation of financial statement in foreign currency with effect in equit	37	(2.599)
Shares buy back	(9)	-
CASH FLOW PROVIDED BY FINANCING ACTIVITIES	**(8.800)**	**(20.532)**
NET CASH FLOW FOR THE PERIOD	**671**	**263**
CASH AND EQUIVALENT AT THE BEGINNING OF THE PERIOD	5.625	5.666
TOTAL NET CASH FLOW FOR THE PERIOD	671	263
Traslation exchange differences	271	(304)
CASH AND EQUIVALENT AT THE END OF THE PERIOD	6.567	5.625

ACCOUNTING STANDARDS AND EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2014

GENERAL INFORMATION

These annual consolidated financial statements as of 31 December 2014 were authorised for publication by the Board of Directors of IRCE S.p.A. (henceforth also referred to as the "Company") on 13 March 2015.
The IRCE Group owns nine manufacturing plants and is one of the major industrial players in Europe in winding wires, as well as in electrical cables in Italy.
Its plants are located in the Italian towns of Imola (Bologna), Guglionesi (Campobasso), Umbertide (Perugia) and Miradolo Terme (Pavia); foreign locations include Nijmegen (NL) - the registered office of Smit Draad Nijmegen BV -, Blackburn (UK) - the registered office of FD Sims Ltd -, Joinville (SC – Brazil) - the registered office of IRCE Ltda -, Kochi (Kerala – India) - the registered office of Stable Magnet Wire P.Ltd. - and Kierspe (D) - the registered office of Isodra GmbH.
Distribution activities are carried out through agents and the following commercial subsidiaries: Isomet AG in Switzerland, DMG GmbH in Germany, Isolveco S.r.l. in Italy, IRCE SL in Spain, and IRCE Kablo Ve Tel Ltd in Turkey.

BASIS OF PREPARATION

The annual financial statements for the year 2014 were prepared in accordance with the IFRSs (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) and endorsed by the European Union. The term IFRS also refers to all revised International Accounting Standards ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC).

The consolidated financial statements are drafted in Euros and - in order to facilitate their interpretation - all amounts in the explanatory notes are rounded to the nearest thousand, unless specified otherwise.

The formats used for the consolidated financial statements of the IRCE Group have been prepared in accordance with the provisions of IAS 1; in particular:
- the statement of financial position was drafted by presenting current and non-current assets, and current and non-current liabilities, as separate classifications;
- the income statement was drafted by classifying the items "by nature";
- the statement of cash flows was prepared, in accordance with IAS 7, reporting cash flows during the year classified by operating, investing and financing activities. Cash flows from operating activities were reported using the "indirect method".

For the purposes of clarity in reporting, it should be noted that certain items of the financial statements as of 31 December 2013 have been re-classified.
The impact of said reclassifications is shown below:

Reclassified item	€/000	Previous classification	Current classification
Remuneration of temporary workers	522	Costs for services	Personnel costs

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Parent Company IRCE S.p.A. and those of the subsidiaries, prepared as of 31 December 2014. The financial statements of the subsidiaries were prepared by adopting the same accounting standards used by the parent company. The main consolidation criteria adopted in drafting of the consolidated financial statements are as follows:

- Subsidiaries are consolidated from the date on which control was effectively transferred to the Group and cease to be consolidated on the date on which control is transferred outside of the Group; this control exists when the Group has the power, either directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.
- The subsidiaries were consolidated using the line-by-line method; this technique consists in recognising all financial statement items in full, regardless of the Group's investment in the subsidiary. Any non-controlling interest is reported separately in the Statement of Financial Position and the Income Statement when determining Shareholders' Equity and the Group's result for the period.
- The carrying amount of equity investments was eliminated against the relevant assets acquired and liabilities assumed.
- All intra-group balances and transactions, including any unrealised gains arising transactions between companies of the Group, are eliminated in full.
- With regard to the foreign currency translation of the financial statements of companies with functional currencies other than the one used for the consolidated financial statements, the amounts in the statement of financial position and income statement of all companies of the Group reported in functional currencies other than the one used for the consolidated financial statements (Euro) are translated as follows:
  - the assets and liabilities in each reported Statement of financial position are translated using the exchange rates at the reporting date;
  - the revenues and costs in each income statement are translated using the average exchange rates for the period;
  - all resulting exchange rate differences are recognised in a specific item of shareholders' equity (foreign currency translation reserve).

Exchange rate differences arising from a monetary element that is part of a net investment in a foreign subsidiary of the Group are recognised in the income statement of the separate financial statements of this subsidiary. In the consolidated financial statements of the Group, these exchange rate differences are recognised in a separate item of shareholders' equity (foreign currency translation reserve) and then through profit or loss on the date of disposal, if any, of the net investment.

Non-controlling interests represent that part of profits or losses and of net assets that are not owned by the Group, and are reported in a separate item of the income statement as well as in the statement of financial position under the components of shareholders' equity, separately from the shareholders' equity of the Group.

The following table shows the list of companies included in the scope of consolidation as of 31 December 2014:

Company	% of investment	Registered office	Share capital		Consolidation
Isomet AG	100%	Switzerland	CHF	1,000,000	line by line
Smit Draad Nijmegen BV	100%	Netherlands	€	1,165,761	line by line
FD Sims Ltd	100%	UK	£	15,000,000	line by line
Isolveco S.r.l.	75.0%	Italy	€	46,440	line by line
DMG GmbH	100%	Germany	€	255,646	line by line
IRCE SL	100%	Spain	€	150,000	line by line
IRCE Ltda	100%	Brazil	BRL	152,235,223	line by line
ISODRA GmbH	100%	Germany	€	25,000	line by line
Stable Magnet Wire P.Ltd.	100%	India	INR	165,189,860	line by line
IRCE Kablo Ve Tel Ltd	100%	Turkey	TRY	1,700,000	line by line

In 2014, the subsidiary IRCE Ltda completed a share capital increase amounting to Real/000 6,754 (equal to €/000 2,163), which was fully subscribed and paid up by the parent company IRCE S.p.A.

ACCOUNTING POLICIES AND MEASUREMENT BASES

Accounting standards, amendments and interpretations applied as of 1 January 2014.

IFRS 10 – Consolidated Financial Statements. The new standard builds on existing standards and establishes a single control model that applies to all entities, including "structured entities". In addition, it provides guidance on assessing control in circumstances where the assessment would be difficult. In accordance with the transitional rules in IFRS 10, the Group has reviewed its assessment of control on its subsidiaries as of 1 January 2014 and found that the adoption of the new standard had no impact.

IFRS 11 – Joint Arrangements. The new standard requires a new classification of interests in jointly controlled entities pursuant to IAS 31 – Interests in Joint Ventures, as either "jointly controlled assets" (if the Group has rights to the assets and obligations for the liabilities of the arrangement) or interests in "joint ventures" (if the Group has rights to the net assets of the arrangement). The classification of the arrangements is based on the rights and obligations arising from them as well as their legal form. The Group adopted this new standard starting from 1 January 2014. Its adoption did not have any impact.

IFRS 12 – Disclosure of Interests in Other Entities IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including those in subsidiaries, joint arrangements, associates, special purpose entities, and other unconsolidated vehicles. The Group adopted this new standard starting from 1 January 2014. Its adoption did not have any impact on this report.

Offsetting of financial assets and liabilities (Amendments to IAS 32 – Financial Instruments: Presentation effective from 1 January 2014). These amendments clarify some criteria for offsetting financial assets and liabilities and are to be applied retrospectively. The adoption of these amendments did not have any impact on this report.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36 – Recoverable Amounts Disclosures for Non-Financial Assets). These amendments govern the disclosure requirements on the recoverable amount of impaired assets that is based on fair value less costs of disposal starting from 1 January 2014.
The adoption of these amendments did not have any impact on this report.
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39 – Financial Instruments: Recognition and Measurements). The amendments allow for the continuation of hedge accounting if a derivative financial instrument, designated as a hedging instrument, is novated following the application of legal provisions or regulations, in order to replace the original counterparty and guarantee the fulfilment of the obligation assumed, provided that some conditions are met. The adoption of these amendments did not have any impact.

IFRIC 21 – Levies, an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. The interpretation, effective from 1 January 2014, establishes the recognition of liabilities to pay levies other than income taxes, and specifically which event gives rise to the obligation and the moment the liability is to be recognised. The adoption of this interpretation did not have any impact on this report.

Accounting standards, amendments and interpretations that are not yet applicable and not adopted early by the Company

As of the date of these Financial Statements, the competent bodies of the European Union had not yet completed the endorsement process required for the adoption of the following accounting standards, amendment and interpretations:

On 21 November 2013, the IASB published some minor amendments to IAS 19 – Employee Benefits titled "Defined Benefit Plans: Employee Contributions". These amendments concern the simplification of the accounting for contributions to defined benefit plans from employees or third parties in specific cases. These amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014; early adoption is allowed.

- in December 2013, the IASB issued a number of amendments to IFRSs (Annual Improvements to IFRSs - 2010- -2012 Cycle and Annual Improvements to IFRSs - 2011-2013 Cycle). Among other things, these amendments address mainly the following: the definition of vesting conditions in IFRS 2 – Share-based Payment, the disclosures on estimates and judgements used in grouping operating segments in IFRS 8 – Operating Segments, the identification and disclosure of a related party transaction arising when a service company provides key management personnel services to the reporting entity in IAS 24 – Related Party Disclosures, the exclusion from the scope of IFRS 3 – Business Combinations of all kinds of joint arrangements (as defined in IFRS 11 – Joint Arrangements), and clarification on the exceptions to IFRS 13 – Fair Value Measurement. The amendments are applicable for annual periods beginning on or after 1 January 2015.

- in May 2014, the IASB issued amendments to IFRS 11 – Joint Arrangements: Accounting for Acquisitions of Interest in Joint Operations, providing clarification on the accounting for acquisitions of interests in Joint Operations constituting a business. The amendments are to be applied retroactively for annual periods beginning on or after 1 January 2016. Early application is allowed.

- in May 2014, the IASB issued an amendment to IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets. The IASB clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate, since the revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. Furthermore, the IASB also introduced a presumption that the use of revenue-based methods to calculate the consumption of the economic benefits generated by an intangible asset is not appropriate. However, this presumption can be rebutted in certain limited circumstances. The amendments are effective for annual periods beginning on or after 1 January 2016. Early application is allowed.

- in May 2014, the IASB issued IFRS 15 - Revenue from Contracts with Customers, which requires an entity to recognise revenue when control of goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for said products or services. For this purpose, the new revenue recognition model establishes a process in five steps. Furthermore, the new standard requires additional disclosures on the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The new standard is to be applied for annual periods beginning on or after 1 January 2017. Early adoption is allowed.

- in July 2014, the IASB issued IFRS 9 – Financial Instruments. The series of changes in the new standard includes the introduction of a logical approach for the classification and measurement of financial instruments that is driven by cash flow characteristics and the business model in which an asset is held, a single expected-loss impairment model, and a substantially reformed approach to hedge accounting. The new standard is to be applied retroactively for annual periods beginning on or after 1 January 2018. Early adoption is allowed.

The Group will adopt these new standards, amendments and interpretations based on the relevant application dates and will assess the potential impact after they are endorsed by the European Union.

Foreign currency translation of financial statement items

The consolidated financial statements are presented in Euro, which is the functional and presentation currency of the Group. Each entity of the Group determines its functional currency, which is used to measure the items in the individual financial statements. Foreign currency transactions are initially recognised at the spot exchange rate (referring to the functional currency) at the date of the transaction. Monetary assets and liabilities, denominated in foreign currency, are translated into the functional currency at the spot exchange rate at the reporting date. All exchange rate differences are recognised through profit or loss. Non-monetary items measured at their historical cost in a foreign currency are translated using the spot exchange rates at the date of the initial recognition of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rate at the measurement date.
The subsidiaries using a functional currency other than the Euro are listed in the following table:

Isomet AG	Swiss Franc
FD Sims LTD	British Pound
IRCE LTDA	Brazilian Real
Stable Magnet Wire Private Limited	Indian Rupee
Irce Kablo Ve Tel Ltd	Turkish Lira

At the reporting date, the assets and liabilities of these subsidiaries are translated into Euro at the spot exchange rate at that date, and their income statement is translated using the average exchange rate for the year. The exchange rate differences arising on the translation are directly recognised in shareholders' equity and separately reported in in the foreign currency translation reserve.

Tangible fixed assets

Tangible fixed assets are measured at their purchase cost after deducting discounts and rebates, or at the construction cost, including directly attributable costs less any accumulated depreciation and accumulated impairment losses.
At the time of the transition to the IFRSs, certain elements of the items "land and buildings" and "industrial machinery and equipment" were measured by adopting the re-determined value, which was equal to the fair value at the date of the transition to the IFRSs. This value was then used as the deemed cost at the transition date, generating an FTA - First Time Adoption reserve.
The carrying amount of tangible assets is tested for impairment if events or changes in circumstances indicate that it might be impaired. If there is any such indication, and the asset's carrying amount exceeds its recoverable amount, the asset is written down to this lower value. The recoverable amount of tangible assets is the higher of net price to sell and value in use.

Depreciation, in accordance with IFRSs, is calculated using the straight-line method and on the basis of rates reflecting the estimated useful life of the assets to which they refer.
Costs incurred after the acquisition are only capitalised if they result in an increase in the intrinsic future economic benefits of the asset to which they refer; if this is not the case, they are recognised as an expense when incurred.
On disposal, or when no future economic benefits are expected from the use of an asset, this is derecognised from the financial statements and any gain or loss (calculated as the difference between the disposal value and the carrying amount) is recognised in profit or loss in the year the asset is derecognised.
Land, including that ancillary to buildings, is not depreciated.
Fixed assets under construction and advances paid for the acquisition of tangible fixed assets are measured at cost. Depreciation begins when the assets is available and ready for use; at this date, they are classified within their specific category.

Intangible fixed assets

Intangible fixed assets are recognised under assets, in accordance with the provisions of IAS 38 (Intangible Assets) when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be determined in a reliable manner.
Intangible fixed assets that are acquired separately are initially capitalised at cost, while those acquired through business combination transactions are capitalised at their fair value at their acquisition date. After

initial recognition, intangible fixed assets are measured at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible fixed assets, with the exception of development costs, are not capitalised and are recognised in profit or loss as incurred. The Group capitalises development costs only when there is reasonable certainty they will be recovered. The useful life of intangible fixed assets is either finite or indefinite. Intangible assets with a finite useful life are amortised over their useful life and tested for impairment whenever there is an indication of a potential impairment loss. The amortisation period and the amortisation method applied are reviewed at the end of each financial year or more frequently, if necessary. Changes in the expected useful life, or in the manner the Group obtains the future economic benefits associated with the intangible asset, are recognised by modifying the amortisation period or the amortisation method and treated as changes in accounting estimates. The amortisation charges for intangible assets with finite useful lives are recognised in profit or loss within the cost category that is consistent with the function of the intangible asset.
Gains or losses arising from the disposal of an intangible fixed asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible fixed asset, and are recognised in profit or loss when the fixed asset is disposed of.

Business combinations and goodwill

According to the provisions of IFRS 3, subsidiaries acquired by the Group are accounted for by applying the purchase method, under which:
- the acquisition cost is the fair value of the assets, considering any issue of equity instruments, as well as assumed liabilities; - the excess of the acquisition cost over the fair value of the Group's interest in the net assets is recognised as goodwill; - if the acquisition cost is less than the fair value of the Group's interest in the net assets of the acquiree, the difference is directly recognised in profit or loss.

Goodwill therefore represents the excess of the cost of the business combination over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities that can be recognised separately. It is an intangible asset with an indefinite useful life.
Goodwill is not amortised but allocated to the Cash Generating Units (CGU) and tested for impairment on an annual basis, or more frequently, if events or changes in circumstances indicate that it may be impaired, in accordance with the provisions of IAS 36 Impairment of Assets. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Financial fixed assets

Equity investments

Equity investments in companies other than subsidiaries and associates (with percentages of ownership significantly lower than 20%) are classified, at the time of the acquisition, amongst "available for sale" financial assets or "other financial assets measured at fair value through profit or loss" under either current or non-current assets.
The above-mentioned investments are measured at fair value, or at cost in the case of non-listed equity investments or those whose fair value is not reliable, or cannot be determined, adjusted for impairment losses. Changes in the value of equity investments classified as assets measured at fair value through profit or loss are directly recognised in the income statement. Changes in the value of equity investments classified as available for sale are recognised in a shareholders' equity reserve that will be transferred to the income statement at the time of the sale. The Group does not hold financial assets classified as "available for sale".

Inventories

Inventories are measured at the lower of cost and net realisable value. The costs incurred are recognised as follows:

1. Raw materials: average weighted purchase cost
2. Finished and semi-finished goods: direct cost of materials and labour costs plus a share of the indirect costs and production overheads defined on the basis of normal production capacity.

The net realisable value is the normal price to sell less the estimated costs to complete and estimated costs to sell.

Trade receivables and other receivables

Receivables are recognised at their fair value, which is their nominal amount less any impairment losses. With regard to trade receivables, an impairment provision is made when there is objective evidence (such as, for example, the probability of insolvency or significant financial difficulty of the debtor) that the Group will not be able to recover all the amounts due on the basis of the original terms of the invoice. The carrying amount of the receivable is reduced using a specific allowance account. Impaired receivables are written off when it is determined that they are not recoverable.

Cash and cash equivalents

Cash and cash equivalents include cash on hand as well as demand and short-term bank deposits recognised at their nominal amounts; in the latter case, the original maturity shall not exceed three months.

Financial payables and liabilities

Payables are recognised at their nominal amount if they are due within the subsequent year; they are measured with the amortised cost method if due after 12 months.
Financial liabilities consisting of loans are initially recognised at their fair value increased by transaction costs; subsequently, they are measured at their amortised cost, i.e. at their initial amount less already made principal reimbursements and adjusted (increased or decreased) on the basis of the amortisation (using the effective interest method) of any differences between the initial amount and the amount at maturity.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset are extinguished;
- the Group retains the right to receive cash flows from the asset but has assumed the contractual obligation to pay them in full without delay to a third party;
- the Group has transferred the right to receive cash flows from the asset and (a) has substantially transferred all the risks and rewards of ownership of the financial asset or (b) has not substantially transferred nor retained all the risks and rewards of the asset but has transferred control.

In cases where the Group transferred its rights to receive cash flows from an asset and has not substantially transferred nor withheld all the risks and rewards or has not lost control over the asset, this is recognised in the financial statements of the Group to the extent of the latter’s continuing involvement in the asset. The continuing involvement – which takes the form of guaranteeing the transferred asset – is measured at the lower of the initial carrying amount of the asset and the maximum amount of the consideration that the Group could be required to pay.

In cases where the continuing involvement takes the form of an option that is issued and/or acquired with respect to the transferred asset (including cash-settled options, or similar options), the extent of the Group's involvement corresponds to the amount of the transferred asset which the Group may buy back; however, in the case of a put option which is issued on an asset that is measured at fair value (including the options settled in cash or with similar provisions), the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the exercise price of the option.

Financial liabilities

A financial liability is derecognised when the obligation underlying the liability is settled, cancelled or discharged.

If an existing financial liability is replaced by another from the same lender – and with substantially different terms – or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, recognising any differences between the carrying amounts through profit or loss.

Provisions for risks and charges

Provisions for risks and charges include provisions arising from present obligations (legal or constructive) as a result of past events and for which an outflow of resources is probable. Changes in estimates are reflected in the income statement for the period in which the change occurs. If the effect of discounting the value of money is material, the provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision that arises from the passage of time is recognised as a financing cost.

Employee Benefits

Employee benefits substantially include provisions for employee termination indemnities of the Group's Italian companies as well as provisions for retirement benefits plans. Italian Law No. 296 of 27 December 2006 "2007 Financial Act" introduced significant changes to the allocation of the accruals of employee termination indemnities. Up until 31 December 2006, employee termination indemnities were part of post-employment benefit plans of the "defined benefit plans" type, and were measured, in accordance with IAS 19, by independent actuaries using the projected unit credit method. This calculation consists in estimating the amount of the benefit an employee will receive on the estimated date of termination of the work relationship by using demographical and financial assumptions. The amount determined in this manner is discounted and recalculated on the basis of the accrued service as a proportion of the total length of service and represents a reasonable estimate of the benefits each employee has already earned for past service.
Following the occupational pension reform, the provisions for employee termination indemnities – for the amounts accruing from 1 January 2007 - should be considered essentially comparable to a "defined contribution plan". More specifically, these changes gave employees the opportunity to choose how to allocate their accruing employee termination indemnities: in companies with more than 50 employees, employees can decide to transfer the accruing employee termination indemnities into pre-defined pension schemes or keep them with the company, which will transfer them to INPS (Italy's social security institute).
In summary, following the occupational pension reform and with regard to the employee termination indemnities accrued before 2007, the Group actuarially measured them without including the component referring to future salary increases. The benefits subsequently accrued were instead recognised in accordance with the methods for defined contribution plans.

Derivative financial instruments

The Group used derivative financial instruments such as forward contracts for the purchase and sale of copper in order to hedge against its exposure to the risk of changes in raw material prices as well as forward contracts for the purchase of USD.
Any gains or losses arising from changes in the fair value of derivatives, which are outstanding as of the reporting date and do not qualify for hedge accounting, are recognised directly in profit or loss.

The fair value of forward contracts for the sale of copper outstanding as of the reporting date is determined on the basis of forward prices of copper with reference to the maturity dates of contracts outstanding as of the reporting date.
For the purposes of hedge accounting, hedges are classified as:

- fair value hedges against the risk of changes in the fair value of an underlying asset or liability; or a firm commitment (except for currency risk); or
- cash flow hedges against the exposure to changes in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction;
- hedges of a net investment in a foreign operation (net investment hedge).

At the inception of a hedge, the Group formally designates and documents the hedging relationship to which it intends to apply hedge accounting as well as its risk management objectives and the pursued strategy. The documentation includes the identification of the hedging instrument as well as of the hedged item or transaction, the nature of the risk, and how the company intends to measure the effectiveness of the hedge in offsetting the exposure to changes in the fair value of the hedged item or cash flows attributable to the hedged risk.

These hedges are expected to be highly effective in offsetting the exposure of the hedged item to changes in the fair value or cash flows attributable to the hedged risk. The measurement of the effectiveness of these hedges is conducted on an ongoing basis during the years in which they have been designated.

Own shares

If the company reacquires its own shares, these are deducted from shareholders' equity. In particular, they are measured at their nominal amount in the "Own shares" reserve and the excess of the purchase amount over the nominal amount is accounted for as a deduction from "Other reserves". The purchase, sale, issue or cancellation of equity instruments does not result in the recognition of any gain or loss in the income statement, but is rather recognised directly as a change in shareholders’ equity.

Recognition of revenues

Revenues are recognised, in accordance with the provisions of IAS 18, to the extent that it is probable that the economic benefits will flow to the Group and the relevant amount can be measured reliably. The following specific revenue recognition criteria must always be complied with for revenues to be recognised in the income statement.

Sale of goods

Revenue is recognised when the company has transferred the significant risks and rewards of ownership of the good, generally on the date the good is shipped.

Interest

Interest is recognised as financial income after establishing that interest income has accrued (this is done using the effective interest method: the effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividends

Revenues are recognised when the shareholder's right to receive payment is established.

Costs

Costs are recognised on an accrual basis. Research, advertising and promotional costs are recognised in the income statement in the year in which they are incurred.

Financial income and charges

Financial income and charges are recognised immediately in profit or loss.

Earnings per share

As required by IAS 33, the Group presents on the face of the income statement basic and diluted earnings per share for profit or loss from continuing operations attributable to the ordinary equity holders of the parent entity. The information is presented only on the basis of the consolidated data, in accordance with the requirements of the aforementioned IAS.

Earnings per share are calculated by dividing the profit or loss attributable to the ordinary equity holders of the parent entity by the weighted number of ordinary shares outstanding during the period, excluding own shares. The weighted average of the shares was applied retroactively for all previous years.

Income taxes

Current taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to calculate the amount are those that have been enacted or are expected to apply as of the reporting date.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are calculated using the so-called liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when deferred tax liabilities arise from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction itself, affects neither accounting profit nor taxable profit;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except when:

- the deferred tax asset for the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction itself, affects neither accounting profit nor taxable profit;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are reviewed on an annual basis at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets or liabilities relating to items recognised directly in equity are recognised directly in equity and not in profit or loss.

Use of estimates

The preparation of the financial statements and the relevant notes in accordance with IFRS requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. Actual results could differ from these estimates. Estimates are used mainly to recognise the provisions for credit risks as well as amortisation/depreciation, taxes, and other provisions and funds. The estimates and assumptions are reviewed periodically and the effects of each change are immediately reflected in profit or loss.

DERIVATIVE INSTRUMENTS

The Group uses the following types of derivative instruments:

- Derivative instruments related to copper forward transactions with maturity after 31 December 2014. The Group entered into sale contracts to hedge against price decreases relating to the availability of raw materials, and purchase contracts to prevent price increases relating to sale commitments with fixed copper values. The fair value of copper forward contracts outstanding at the reporting date is determined on the basis of forward prices of copper with reference to the maturity dates of contracts outstanding at the reporting date. These transactions do not satisfy the conditions required for recognising these instruments as hedging instruments for the purposes of hedge accounting.

A summary of derivative contracts related to commodities (copper) for forward sales and purchases outstanding at 31 December 2014 is shown below:

Measurement unit of the notional amount	Notional amount with maturity within one year (tons)	Notional amount with maturity after one year	Result with fair value measurement as of 31/12/2014 €/000
Tons/Sales	2,275	0	726
Tons/Purchases	80	0	(10)

- Derivative instruments related to USD forward purchase and sale commitments with maturity after 31 December 2014. These transactions do not satisfy the conditions required for recognising these instruments as hedging instruments for the purposes of cash flow hedge accounting.

A summary of derivative contracts related to USD for forward sales and purchases outstanding at 31 December 2014 is shown below:

Measurement unit of the notional amount	Notional amount with maturity within one year (€/000)	Notional amount with maturity after one year	Result with fair value measurement as of 31/12/2014 €/000
USD/Sales	269	0	(13)
USD/Purchases	13,000	0	290

The fair value of forward contracts for currency purchases and sales outstanding at 31 December 2014 was determined on the basis of forward currency prices with reference to the maturity dates of contracts outstanding at the reporting date.

FINANCIAL INSTRUMENTS BY CATEGORY

Here below is the breakdown of financial instruments referring to the items of the financial statements:

As of 31 December 2014 - €/000	Loans and receivables	Derivatives with a balancing entry in the Income Statement	Derivatives with a balancing entry in shareholders' equity	AFS	Total
Non-current financial assets					
Non-current tax receivables	2,895				2,895
Non-current financial assets and receivables	51			61	112
Current financial assets					
Trade receivables	71,692				71,692
Current tax receivables	2,355				2,355
Receivables due from others	1,631				1,631
Current financial assets	170	1,016			1,186
Cash and cash equivalents	6,567				6,567

As of 31 December 2013 - €/000	Loans and receivables	Derivatives with a balancing entry in the Income Statement	Derivatives with a balancing entry in shareholders' equity	AFS	Total
Non-current financial assets					
Non-current tax receivables	4,372				4,372
Non-current financial assets and receivables	56			55	111
Current financial assets					
Trade receivables	66,346				66,346
Current tax receivables	2,656				2,656
Receivables due from others	954				945
Current financial assets	619				619
Cash and cash equivalents	5,625				5,625

As of 31 December 2014 - €/000	Other financial liabilities	Derivatives with a balancing entry in the Income Statement	Derivatives with a balancing entry in shareholders' equity	Total
Non-current financial liabilities				
Financial payables	3,252			3,252
Current financial liabilities				
Trade payables	34,290			34,290
Other payables	11,300			11,300
Financial payables	53,402	23		53,425

As of 31 December 2013 - €/000	Other financial liabilities	Derivatives with a balancing entry in the Income Statement	Derivatives with a balancing entry in shareholders' equity	Total
Non-current financial liabilities				
Financial payables	1,629			1,629
Current financial liabilities				
Trade payables	16,819			16,819
Other payables	9,716			9,716
Financial payables	65,904	464	30	66,398

FAIR VALUE

A comparison between the carrying amount of financial instruments held by the Group and their fair value did not reveal significant differences.
IFRS 7 defines the following three levels of fair value for measuring the financial instruments recognised in the statement of financial position:

- Level 1: quoted prices in active markets.

- Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs not based on observable market data.

The following tables shows the assets and liabilities that are measured at fair value as of 31 December 2014 and as of 31 December 2013 broken down by level of fair value hierarchy (€/000):

2014	Level 1	Level 2	Level 3	Total
Assets:				
Derivative financial instruments	-	1,016		1,016
AFS	-	-	61	61
Total assets	-	1,016	61	1,077
Liabilities:				
Derivative financial instruments	-	(23)	-	(23)
Total liabilities	-	(23)	-	(23)

2013	Level 1	Level 2	Level 3	Total
Assets:				
Derivative financial instruments	-	-	-	-
AFS	-	-	55	55
Total assets	-	-	55	55
Liabilities:				
Derivative financial instruments	-	494	-	494
Total liabilities	-	494	-	494

During the year, there were no transfers between the three fair value levels specified in IFRS 7.

SEGMENT REPORTING

In accordance with the provisions of IFRS 8, an operating segment is a component of an entity: a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and c) for which discrete financial information is available.
With regard to the two types of products sold, IRCE's management only monitors the breakdown of revenues between winding wires and cables; with regard to the residual amount that is not allocated, reference is made to revenues from the sale of other materials and services that cannot be classified within the two types of products sold.

Revenues are then analysed by geographical area (revenues from Italian customers, non-Italian customers in the EU and non-EU customers).

The winding wire segment supplies manufacturers of engines and electric generators, transformers, relays and electromagnetic valves.

The cable segment supplies the following industries: construction, civil and industrial engineering (cabling), and consumer durable goods (electrical devices).

€/000	2014				2013			
	Winding wires	Cables	Not allocated	Total	Winding wires	Cables	Not allocated	Total
Revenues	294,836	55,736	38	350,611	303,395	55,309	91	358,795

€/000	2014				2013			
	Italy	EU (Italy not included)	Non-EU	Total	Italy	EU (Italy not included)	Non-EU	Total
Revenues	105,431	167,556	77,624	350,611	105,663	174,006	79,126	358,795

COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. GOODWILL AND OTHER INTANGIBLE ASSETS

This item refers to intangible assets from which future economic benefits are expected. The changes in their net carrying amount are shown below:

€/000	Patent and intellectual property rights	Licenses, trademarks, similar rights and other multi-year charges	Fixed assets under development	Goodwill	Total
Net carrying amount as of 31/12/2013	96	187	189	2,031	2,503
Changes during the period					
. Investments	58	-	-	-	58
. Effect of exchange rates	4	3	-	-	7
. Reclassifications	-	-	-	-	-
. Amortisation/depreciation	(87)	(62)	-	-	(149)
Total changes	(25)	(59)	-	-	(84)
Net carrying amount as of 31/12/2014	71	128	189	2,031	2,419

A description of intangible assets and the amortisation method used is shown in the following table.

Fixed asset	Useful life	Rate	Internally produced or acquired	Impairment test
Patent and intellectual property rights	Finite	50%	Acquired	Review of the amortisation method at each reporting date and impairment test in the presence of indicators of impairment
Concessions and licenses	Finite	20%	Acquired	Review of the amortisation method at each reporting date and impairment test in the presence of indicators of impairment
Trademarks and similar rights	Finite	5.56%	Acquired	Review of the amortisation method at each reporting date and impairment test in the presence of indicators of impairment
Smit Draad Nijmegen BV goodwill	Indefinite	n/a	Acquired	Tested for impairment

The goodwill recognised in the financial statements of the IRCE Group refers to the higher amount paid in previous years at the time of the acquisition of the equity investment in Smit Draad Nijmegen. This amount was tested for impairment projecting the cash flows estimated in the most recent business plan, which Management approved separately and prior to these financial statements. The business plan, which was prepared in nominal terms, was drafted over a period of five years and reflects past experience while excluding any flows deriving from the restructuring, optimisation or improvement of operations. The terminal value of the cash generating unit (CGU) was estimated on the basis of a constant cash flow (equal to the flow of the fifth period) over an infinite time period. The overall nominal WACC, net of the tax effect, used in the test was equal to 6.5%; the market risk premium inherent in the cost of equity was equal to 7.4% and is common among companies in the sector. The projection used a growth rate (g) which was equal to 0.0%. The test did not indicate the need to make adjustments to the reported amount. The rates used were determined by taking into account the market rates on the basis of the current economic situation.

A sensitivity analysis is shown below, comparing the carrying amount of the CGU's invested capital with the corresponding Enterprise Value calculated on the basis of a discount rate (WACC) and a real growth rate (g) half a percentage point below or above the parameters used:

(g)=0.0%		WACC	
€/000	6.0%	6.5%	7.0%
Enterprise value	53,221	48,737	44,900
NIC carrying amount as of 31-12-2014	19,667	19,667	19,667
Difference between enterprise value and carrying amount	33,554	29,069	25,233

(g)=0.5%		WACC	
€/000	6.0%	6.5%	7.0%
Enterprise value	57,599	52,380	47,972
NIC carrying amount as of 31-12-2014	19,667	19,667	19,667
Difference between enterprise value and carrying amount	37,932	32,713	28,305

As the above tables show, the CGU is not exposed to any risk that would require a write-down.

The amortisation rates for other intangible fixed assets were determined as a function of their specific residual useful lives and are reviewed at each reporting date.

As the above tables show, the CGU is not exposed to any risk that would require a write-down.

2. TANGIBLE ASSETS

€/000	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Fixed assets under construction and advances	Total
Net carrying amount as of 31/12/2012	11,952	23,176	34,502	1,199	584	1,746	73,160
Changes during the period							
. Investments	-	129	3,731	309	192	584	4,945
. Effect of exchange rates	(166)	(1,087)	(3,241)	(26)	(12)	6	(4,526)
. Reclassifications	-	-	951	1	11	(963)	-
. Divestments	-	-	(1,175)	(155)	(176)	-	(1,506)
. Depreciation related to disposals	-	-	1,175	154	161	-	1,490
. Depreciation of the year	-	(1,391)	(5,190)	(535)	(198)	-	(7,314)
Total changes	(166)	(2,349)	(3,749)	(252)	(22)	(373)	(6,911)
Net carrying amount as of 31/12/2013	11,786	20,827	30,753	947	562	1,373	66,249

€/000	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Fixed assets under construction and advances	Total
Net carrying amount as of 31/12/2013	11,786	20,827	30,753	947	562	1,373	66,249
Changes during the period							
. Investments	-	108	1,458	677	154	217	2,614
. Effect of exchange rates	89	315	181	6	1	7	599
. Reclassifications	-	-	1,098	30	-	(1,128)	-
. Divestments	-	(528)	(723)	(23)	(308)	(27)	(1,609)
. Depreciation related to disposals	-	317	620	17	298	-	1,252
. Depreciation of the year	-	(1,354)	(5,070)	(528)	(209)	-	(7,161)
Total changes	89	(1,142)	(2,436)	179	(64)	(931)	(4,305)
Net carrying amount as of 31/12/2014	11,875	19,685	28,317	1,126	498	442	61,944

Investments totalled €2.61 million and concerned mainly the winding wire sector.

Depreciation was calculated on the basis of rates that were deemed representative of the estimated useful life of the relevant tangible fixed assets. The rates applied on an annual basis by Group companies are included in the following ranges:

Buildings	3.0% - 10.0%
Plant and equipment	5.0% - 17.5%
Industrial and commercial equipment	25.0% - 40.0%
Other assets	12.0% - 25.0%

3. NON-CURRENT FINANCIAL ASSETS AND RECEIVABLES

Non-current financial assets and receivables are broken down as follows:

€/000	31/12/2014	31/12/2013
- Equity investments in other companies	61	55
- Other receivables	51	56
Total	112	111

4. NON-CURRENT TAX RECEIVABLES

This item refers for €/000 812 to the tax credit related to the 2007-2011 IRES (corporate income tax) reimbursement claim, in compliance with Article 2, paragraph 1-quater, of Italian Law Decree No. 201/2011, of the parent company IRCE S.p.A., and for €/000 2,083 to the value-added tax credit of the Brazilian subsidiary IRCE Ltda.

5. DEFERRED TAX ASSETS AND LIABILITIES

An analysis of deferred tax assets and liabilities is shown below:

€/000	31/12/2014	31/12/2013
- Deferred tax assets	3,014	4,016
- Deferred tax liabilities	(1,100)	(1,391)
Total deferred tax assets (net)	1,914	2,625

The changes for the period are shown below:

€/000	31/12/2014	31/12/2013
Deferred tax assets (net) as of 1 January	2,625	2,465
Exchange rate differences	99	(408)
Income statement effect	(931)	716
Shareholders' equity effect	121	(148)
Deferred tax assets (net) as of 31 December	1,914	2,625

Here below is the breakdown of deferred tax assets and liabilities and the relevant changes for the period, without considering the offsetting of items within the same jurisdiction:

Deferred tax assets - €/000	31/12/2014	31/12/2013
- Amort./depr. with deferred deductibility	194	235
- Allocations to Provisions for risks and charges	331	264
- Allocations to the taxed Bad debt provision	663	1,103
- Tax losses which can be carried forward	1,611	2,250
- Intra-group margin	97	86
- Provision for inventory obsolescence	864	782
- Cash flow hedge reserve	-	8
- IAS 19 reserve	209	167
Total	3,969	4,895

Tax losses which can be carried forward refer primarily to the subsidiary IRCE Ltda for €/000 1,525.

The table below shows the changes in deferred tax assets during 2013 and 2014:

	Taxed provisions	Tax losses carried forward	Depreciation	Other	Total
balance 01.01.2013	2.050	2.275	265	402	4.992
income statement effect	99	393	(30)	(44)	418
shareholders' equity effect				(96)	(96)
exchange rate difference		(418)			(418)
balance 31.12.2013	2.149	2.250	235	262	4.895
income statement effect	(292)	(738)	(41)	(23)	(1.094)
shareholders' equity effect				67	67
exchange rate difference		99			99
balance 31.12.2014	1.857	1.611	194	306	3.969

The effects on shareholders' equity refer to changes in the cash flow hedge reserve and in the actuarial reserve as per IAS 19.

Deferred tax assets were recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts and to the extent that it is probable that taxable profit will be available against which these differences can be utilised.

Deferred tax liabilities - €/000	31/12/2014	31/12/2013
. Amortisation/depreciation	92	103
- Foreign exchange gains	81	17
- IAS capital gains on buildings	108	108
- IAS capital gains on land	465	465
- Effect of application of IAS 19	-	52
- Effect of tax depreciation of Isomet AG building	295	314
- Effect of tax inventory difference of Isomet AG	230	244
- Effect of reversal of tax Bad debt provision of Isomet AG	-	13
- Effect of tax depreciation of Smit Draad Nijmegen	378	496
- Effect of tax inventory difference of Smit Draad Nijmegen	406	459
Total	2,055	2,271

The table below shows the changes in deferred tax liabilities during 2013 and 2014:

	Depreciation	IAS capital gain on land and building	Effect of tax depreciation of Isomet AG building and inventory	Effect of tax depreciation of Smit Draad Nijmegen building and inventory	IAS 19 effect	Other	Total
balance 01.01.2013	113	573	619	1.219	-	4	2.527
income statement effect	(10)		(51)	(264)		27	(298)
shareholders' equity effect					52		52
exchange rate difference			(10)				(10)
balance 31.12.2013	103	573	558	955	52	31	2.271
income statement effect	(11)		33	(171)		(14)	(163)
shareholders' equity effect					(52)	(2)	(54)
exchange rate difference							
balance 31.12.2014	92	573	591	784	-	15	2.055

6. INVENTORIES

Inventories are broken down as follows:

€/000	31/12/2014	31/12/2013
- Raw materials, ancillary and consumables	33,424	24,996
- Work in progress and semi-finished goods	11,748	10,388
- Finished products and goods	52,971	50,368
- Provision for write-down of raw materials	(2,006)	(2,086)
- Provision for write-down of finished products and goods	(1,239)	(1,149)
Total	94,898	82,516

Recognised inventories are not pledged nor used as collateral.
The provision for write-downs correspond to the amount that is deemed necessary to hedge existing inventory obsolescence risks calculated by writing down slow moving packages and finished products.
Inventories were also written down by €/000 823 to their estimated realisable value, which is lower than their average weighted cost.

The table below shows the changes in the provision for write-down of inventories during 2014:

€/000	31/12/2013	Allocations	Uses	31/12/2014
Provision for write-down of raw materials	2,086	-	(80)	2,006
Provision for write-down of finished products and goods	1,149	301	(211)	1,239
Total	3,235	301	(291)	3,245

7. TRADE RECEIVABLES

€/000	31/12/2014	31/12/2013
- Customers/bills receivable	74,555	70,754
- Bad debt provision	(2,862)	(4,408)
Total	71,692	66,346

The balance of receivables due from customers is entirely composed of receivables due within the next 12 months.

The table below shows the changes in the bad debt provision during 2013 and 2014:

€/000	31/12/2012	Allocations	Uses	31/12/2013
Bad debt provision	4,200	967	(759)	4,408

€/000	31/12/2013	Allocations	Uses	31/12/2014
Bad debt provision	4,408	708	(2,254)	2,862

8. CURRENT TAX RECEIVABLES

This item, totalling €/000 2,355, includes €/000 653 in value added tax credits, €/000 440 in tax payments on account exceeding the tax bill, and €/000 1,262 in other receivables due from taxation authorities, mainly referring to the subsidiary IRCE Ltda.

9. RECEIVABLES DUE FROM OTHERS

The item was broken down as follows:

€/000	31/12/2014	31/12/2013
- Advances to suppliers	238	254
- Accrued income and prepaid expenses	143	151
- Receivables due from social security institutions	103	93
- Other receivables	1,147	447
Total	1,631	945

"Other receivables" mainly refers to a bonus to be received for electricity consumption in 2014. The increase is largely due to the higher bonus for electricity consumption, which in 2014 was calculated over the full year, as opposed to only 7 months in 2013, as well as an insurance reimbursement.

10. CURRENT FINANCIAL ASSETS

€/000	31/12/2014	31/12/2013
- Mark to Market copper forward transactions	726	-
- Mark to Market USD forward transactions	290	-
- Fixed deposit for LME transactions	170	619
Total	1,186	619

The item "Mark to Market copper forward transactions" refers to the Mark to Market (fair value) measurement of copper forward sale contracts outstanding as of 31/12/2014 of the parent company IRCE S.p.A.
The item "Mark to Market USD forward transactions" refers to the Mark to Market (fair value) measurement of USD forward purchase contracts outstanding as of 31/12/2014 of the parent company IRCE S.p.A.
The item "Fixed deposit for LME transactions" refers to the *margin calls* lodged with brokers for copper forward transactions on the LME (London Metal Exchange).

11. CASH AND CASH EQUIVALENTS

This item includes bank deposits, cash and cash equivalents.

€/000	31/12/2014	31/12/2013
- Bank and postal deposits	6,551	5,609
- Cash and cash equivalents	16	16
Total	6,567	5,625

Short-term bank deposits are remunerated at floating rates. Bank and postal deposits outstanding as of 31 December 2013 are not subject to constraints or restrictions.

12. SHAREHOLDERS' EQUITY

Share capital

The share capital is composed of 28,128,000 ordinary shares worth € 14,626,560 without par value. The shares are fully subscribed and paid up and bear no rights, privileges or restrictions as far as dividend distribution and capital distribution, if any, are concerned.
In the year 2014, a dividend of €/000 262 (0.01 per share) was distributed.
Here below is the breakdown of reserves:

€/000	31/12/2014	31/12/2013
- Own shares (share capital)	(999)	(996)
- Share premium reserve	40,539	40,539
- Own shares (share premium)	(412)	(406)
- Other reserves	45,924	45,924
- Foreign currency translation reserve	(9,186)	(10,734)
- Legal reserve	2,925	2,925
- Extraordinary reserve	30,653	30,058
- Cash flow hedge reserve	-	(22)
- IAS 19 reserve	(1,160)	(748)
- Undistributed profits	10,746	11,496
Total	119,030	118,036

Own Shares

This reserve refers to the par value and share premium of own shares held by the Company; they are recognised as a deduction from shareholders' equity.
Own shares as of 31 December 2014 amounted to 1,920,324 and corresponded to 6.83% of the share capital.
The number of shares outstanding at the beginning and at the end of the last two years is shown below:

Thousands of shares	
Balance as of 01/01/2013	**26,213**
Share buyback	-
Balance as of 31/12/2013	**26,213**
Share buyback	(5)
Balance as of 31/12/2014	**26,208**

Share premium reserve

This item refers to the higher issue value compared to the par value of IRCE shares issued at the time of the share capital increase when the company was first listed on the stock exchange in 1996.

The item "Other reserves" refers mainly to:

- Merger surplus reserve (due to cancellation) which arose in the year 2001 following the merger of IRCE Cavi S.p.A. and Isolcable S.r.l. into IRCE S.p.A, amounting to €/000 6,621.
- Reserve of profits to be re-invested in Southern Italy totalling €/000 201.
- FTA reserve, which represents the offsetting item for all adjustments made to the financial statements in order to comply with IAS/IFRS as of 1 January 2004 (transition year), amounting to €/000 16,772.
- Revaluation reserve, as per Italian law 266/1995, amounting to €/000 22,328.

Foreign currency translation reserve

This reserve represents the accounting differences compared to the historical exchange rate resulting from the foreign currency translation of the financial statements of the foreign operations Isomet AG, FD Sims Ltd, IRCE Ltda, Stable Magnet Wire P.Ltd, and IRCE Kablo Ve Tel Ltd using the official exchange rate as of 31

December 2014. The positive change in the reserve as of 31/12/2014 is mainly due to the revaluation of a number of foreign currencies against the Euro during 2014.

Extraordinary reserve

The extraordinary reserve consists mainly of retained earnings of the Parent Company.

Cash flow hedge reserve

This reserve includes the effect of the Mark to Market measurement of derivative hedging contracts in accordance with the "cash flow hedging" criterion. It is composed of unrealised gains and losses (net of taxes) arising from the measurement of a financial instrument designated as a cash flow hedge.
As of 31/12/2014, the reserve amounted to zero, as the IRS hedging contract was closed in December.
The change in the reserve was as follows:

balance 01.01.2013	(74)
Fair value evaluation	72
Income tax	(20)
balance 31.12.2013	(22)
Closing fair value	30
Income tax	(8)
balance 31.12.2014	0

IAS 19 reserve

This reserve includes actuarial gains and losses accumulated as a result of the application of IAS 19 Revised.
The change in the reserve was as follows:

balance 01.01.2013	(1.190)
IAS 19 evaluation	570
Income tax	(128)
balance 31.12.2013	(748)
IAS 19 evaluation	(541)
Income tax	129
balance 31.12.2014	(1.160)

Undistributed profits

The reserve for undistributed profits primarily refers to the subsidiaries’ retained earnings.

The distribution of the reserves and profits of subsidiaries is not planned.

Profit for the year

The profit attributable to the Group, net of the portion attributable to non-controlling interests, totalled €/0003,795 (€/000 111 as of 31 December 2013).

SHAREHOLDERS’ EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Capital and reserves attributable to non-controlling interests

This amount refers to the portion of shareholders' equity of investees consolidated using the line-by-line method attributable to non-controlling interests.

Profit attributable to non-controlling interests

This represents the portion of profit/loss for the year of investees consolidated using the line-by-line method attributable to non-controlling interests.

13. NON-CURRENT FINANCIAL LIABILITIES

€/000		Rate	Company	31/12/2014	31/12/2013	Due date
NAB	CHF	Fixed	Isomet AG	3,252	1,629	2017
Total				3,252	1,629	

14. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges were broken down as follows:

€/000	31/12/2013	Allocations	Uses	31/12/2014
Provisions for risks and disputes	1,012	479	(110)	1,381
Provision for severance payments to agents	291	7	(4)	294
Total	1,303	486	(114)	1,675

Provisions for risks and disputes refer primarily to provisions for various disputes, including the estimate of a liability arising from an official tax audit notice IRCE S.p.A. received from the Italian Internal Revenue Service (Agenzia delle Entrate) in March 2011.
Provision for severance payments to agents refers to provisions made for severance payments relating to outstanding agency contracts.

15. PROVISIONS FOR EMPLOYEE DEFINED BENEFITS

The table below shows the changes in the Provision for employee defined benefits.

€/000	31/12/2014	31/12/2013
Employee benefits' provision as of 01/01	5,667	6,263
Financial charges	144	148
Actuarial (gains)/losses	541	(570)
Service cost	144	162
Payments	(541)	(336)
Employee benefits' provision as of 31/12	5,955	5,667

The Provision includes €/000 4,804 related to the parent company IRCE S.p.A., €/000 1,048 related to the subsidiary ISOMET AG, and €/000 103 related to the subsidiary Isolveco S.r.l.
The Employee benefits' provision is part of the defined benefit plans.

In order to determine the relevant liability, the Group used to Projected Unit Credit Cost method, which consists in the following:

- it projected the potential future benefits payable to each employee enrolled in the plan in the case of retirement, death, disability, resignation, etc. based on a series of financial assumptions (increase in the cost of living, salary increases, etc.). The estimate of future benefits shall include any increases corresponding to the additional service rendered as well as the estimated growth in the remuneration received as of the measurement date;
- it calculated the average present value of future benefits as of the measurement date based on the adopted annual interest rate and the probability that each benefit will be actually paid;
- it determined the liability by identifying the share of the average present value of future benefits that refers to the service already rendered by the employee to the company as of the measurement date.

The item "Provisions for employee defined benefits" largely consists of employee termination indemnities recognised in the financial statements of IRCE S.p.A. Here below are the demographic assumptions used by the actuary in measuring the employee benefits' provision of IRCE S.p.A.:

- probability of death: those determined by the State General Accounting Department, named RG48 and based on gender;
- probability of disability: those adopted by the INPS model and based on gender;
- retirement: a probability of 100% was assumed upon meeting the eligibility requirements for the general compulsory insurance (AGO, *Assicurazione Generale Obbligatoria*);
- probability of leaving employment for causes other than death: an annual frequency of 3% was assumed;
- probability of advance payment of employee termination indemnities: an annual frequency of 3% was assumed.

In addition, the following economic-financial assumptions were made for IRCE S.p.A.:

	31/12/2014	31/12/2013
Annual discount rate	1.86%	2.77%
Annual inflation rate	0.60% for 2015 1.20% for 2016 1.50% for 2017 and 2018 2% from 2019 onwards	2.00%
Annual rate of increase of employee termination indemnities	1.950% for 2015 2.4% for 2016 2.625% for 2017 and 2018 3% from 2019 onwards	3.00%

The IBOXX Eurozone Corporate A index with a 10+ year duration as of the measurement date was used as a benchmark for the 2014 discount rate.

In addition, for comparative purposes, as of 31/12/2014 the DBO, calculated based on the annual discount rate derived from the Iboxx Corporate AA index with a 10+ year duration—1.49% as of the measurement date—was Euro 4,975,329.65.

It should also be noted that the discount rate used for the purposes of calculating the DBO of the subsidiary Isomet (Switzerland), equal to 1% in 2014 and 2.30% in 2013, is based on government bond yields, given the lack of a sufficiently large market of Corporate AA securities with adequate duration.

Here below are the disclosures required by the new IAS 19.

Sensitivity analysis of IRCE S.p.A.'s main measurement parameters:

€/000	DBO change as of 31/12/2014
Inflation rate + 0.25%	4,875
Inflation rate – 0.25%	4,735
Discount rate + 0.25%	4,695
Discount rate – 0.25%	4,919
Turnover rate + 1%	4,785
Turnover rate -1%	4,827

2015 service cost: 0.00
Duration of the plan: 10.0
Sensitivity analysis of ISOMET AG's main measurement parameters:

€/000	DBO change as of 31/12/2014
Inflation rate - 0.25%	1,022
Inflation rate + 0.25%	1,073
Discount rate -0.25%	1,261
Discount rate + 0.25%	849

2015 service cost with +0.25% discount rate: €/000 146
Duration of the plan: 15.4.

16. CURRENT FINANCIAL LIABILITIES

Financial liabilities are broken down as follows:

€/000	31/12/2014	31/12/2013
- Payables due to banks	53,402	65,904
- Payables due for derivative contracts	23	494
Total	53,425	66,398

The item "Payables due for derivative contracts" refers to the Mark to Market (Fair Value) measurement of derivative instruments on LME and USD of the Dutch subsidiary Smit Draad Nijmegen BV.

With regard to financial liabilities, the overall **net financial position** of the Group, calculated in accordance with the provisions of Consob Communication 6064293 dated 28 July 2006 and CESR recommendation dated 10 February 2005, was as follows:

€/000	31/12/2014	31/12/2013
Cash	6,567	5,625
Other current financial assets	460*	619
Liquid assets	7,027	6,245
Current financial liabilities	(53,415)*	(65,944)*
Net current financial debt	**(46,387)**	**(59,699)**
Non-current financial liabilities	(3,252)	(1,629)
Non-current financial debt	**(3,252)**	**(1,629)**
Net financial debt	**(49,639)**	**(61,329)**

* These items differ from the corresponding items of the statement of financial position, since the fair value measurement of copper forward contracts is not included.

17. TRADE PAYABLES

Trade payables are all due in the next 12 months.
As of 31/12/2014, they totalled €/000 € 34,290, compared to €/000 16,818 as of 31/12/2013. The sensible increase in trade payables as of 31/12/2014 was largely related to the rise in inventories at the end of 2014.

18. TAX PAYABLES

This item, equal to €/000 2,595, included €/000 571 in payables due for income taxes, €/000 1,394 in VAT payables, €/000 465 in employee Irpef (personal income tax) payables, and €/000 165 in other payables due to taxation authorities.

19. SOCIAL SECURITY CONTRIBUTIONS

This item, equal to €/000 2,106 as of 31/12/2014, primarily referred to the IRCE S.p.A.'s payables for social security contributions due to INPS.

20. OTHER CURRENT LIABILITIES

Other payables were broken down as follows:

€/000	31/12/2014	31/12/2013
- Payables due to employees	3,566	3,022
- Deposits received from customers	1,555	1,553
- Accrued liabilities and deferred income	196	200
- Other payables	1,282	1,342
Total	6,599	6,117

COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

21. REVENUES

These refer to revenues from the sale of goods, net of returns, rebates and the return of packages. Consolidated turnover in 2014, equal to €/000 350,611, was down 2.3 % compared to the previous year (€/000 358,795). For additional details, refer to the previous paragraph on segment reporting.

22. OTHER REVENUES AND INCOME

Other revenues and income were broken down as follows:

€/000	31/12/2014	31/12/2013
- Increases in internally generated fixed assets	146	256
- Capital gains on disposals of assets	391	22
- Insurance reimbursements	203	241
- Other revenues	398	514
Total	1,138	1,033

The item included a €/000 373 capital gain on the disposal of building of the German subsidiary DMG GmbH.

23. COSTS FOR RAW MATERIALS AND CONSUMABLES

This item, equal to €/000 280,221, includes costs incurred for the acquisition of raw materials, of which copper is the most significant, insulating materials, and materials for packaging and maintenance, net of the change in inventories.

24. COSTS FOR SERVICES

These include costs incurred for the supply of services pertaining to copper processing as well as utilities, transportation, commercial and administrative services, and the costs for the use of third-party goods, as detailed below:

€/000	31/12/2014	31/12/2013	Change
- External processing	5,576	5,643	(67)
- Utility expenses	13,551	14,760	(1,209)
- Maintenance	1,748	1,530	218
- Transportation expenses	5,121	4,526	595
- Payable fees	467	455	12
- Compensation of Statutory Auditors	88	87	1
- Other services	4,757	5,181	(424)
- Costs for the use of third-party goods	294	297	(3)
Total	31,602	32,479	(877)

The decline in the costs for services was largely attributable to the Group's policy to cut costs as well as lower utility expenses thanks to the preferential tariffs for energy-intensive Italian manufacturing companies (Italian Legislative Decree 83/2012) enacted in July 2013.

Transportation expenses were up from 2013 as a result of rising sales volumes. Also maintenance costs increased due to non-recurring maintenance work.

The item "other services" includes primarily technical, legal and tax consulting fees as well as insurance and business expenses.

25. PERSONNEL COST

Here below is the breakdown of personnel cost:

€/000	31/12/2014	31/12/2013	change
- Salaries and wages	21,589	20,724	865
- Social security charges	5,479	5,185	294
- Retirement costs for defined contribution plans	1,432	1,390	42
- Other costs	3,071	2,784	287
Total	31,571	30,083	1,488

The item "Other costs" includes costs for temporary work, contract work, and the remuneration of Directors.
The Group's average number of personnel for the year and the current number at year-end is shown below:

Personnel	2014 Average	31/12/2014	31/12/2013
- Executives	21	20	20
- White collars	178	178	179
- Blue collars	569	550	578
Total	768	748	777

The average number of employees is calculated according to the Full-Time-Equivalent method and includes both internal and external (temporary and contract) staff.

The total number of employees as of 31 December 2014 was 748 people.

The increase in personnel cost was mainly attributable to contractual wage increases, the lower use of Italy's government-funded temporary layoff scheme, and costs for early retirement incentives – whose amount was negligible.

26. AMORTISATION/DEPRECIATION

Here is the breakdown of amortisation/depreciation:

€/000	31/12/2014	31/12/2013	change
- Amortisation of intangible fixed assets	149	170	(21)
- Depreciation of tangible fixed assets	7,161	7,314	(153)
Total amortisation/depreciation	7,310	7,484	(174)

27. PROVISIONS AND WRITE-DOWNS

Provisions and write-downs were broken down as follows:

€/000	31/12/2014	31/12/2013	change
- Write-downs of receivables	708	967	(260)
- Provisions for risks	309	173	136
Total provisions and write-downs	1,017	1,140	(123)

The item "provision for risks" refers to a provision used to hedge the risk of returns of packages invoiced.

28. OTHER OPERATING COSTS

Other operating costs were broken down as follows:

€/000	31/12/2014	31/12/2013	change
- Non-income taxes and duties	506	354	152
- Capital losses and contingent liabilities	147	276	(129)
- Other costs	737	515	222
Total	1,390	1,145	245

29. FINANCIAL INCOME AND CHARGES

Financial income and charges were broken down as follows:

€/000	31/12/2014	31/12/2013	change
- Other financial income	5,952	3,723	2,228
- Interest and other financial charges	(2,669)	(3,874)	1,205
- Foreign exchange gains/(losses)	1,208	(107)	1,316
Total	4,491	(258)	4,750

- Other financial income

€/000	31/12/2014	31/12/2013	change
- Interest income from banks	73	32	41
- Interest income on receivables due from customers	2,590	2,089	501
- Income from LME derivatives	3,195	1,401	1,794
- Other financial income	94	201	(107)
Total	5,952	3,723	2,229

The item "Income from LME derivatives" included €/000 2,469 from the closing of copper forward sales contracts of the parent IRCE S.p.A. during the period, and €/000 726 from the "Mark to Market" (Fair Value) measurement of said company's copper forward sales contracts.

- Interest and other financial charges

€/000	31/12/2014	31/12/2013	change
- Interest expense for short-term payables	829	1,636	(807)
- Interest expense for medium to long-term payables	107	131	(24)
- Sundry interest expense	1,646	1,588	58
- Bank fees and expenses	83	65	18
- Charges on LME derivatives	4	454	(450)
Total	2,669	3,874	(1,205)

The item "Charges on LME derivatives" refers to the Mark to Market (Fair Value) measurement of copper forward agreements entered into by the subsidiary Smit Draad Nijmegen BV.
The item "Sundry interest expense" referred primarily to the charges related to the non-recourse factoring of trade receivables, a transaction carried out by IRCE S.p.A. and IRCE Ltda, and included the interest cost deriving from the discounting of the Employee Termination Indemnity, pursuant to IAS 19.

30. INCOME TAXES

€/000	31/12/2014	31/12/2013	changes
- Current taxes	(2,183)	(1,269)	(914)
- Deferred tax assets/(liabilities)	(931)	717	(1,648)
Total	(3,115)	(552)	(2,563)

The higher income tax expense for 2014 was closely related to the rise in pre-tax profit for the year.

31. EARNINGS PER SHARE

As required by IAS 33, here below are the disclosures on the data used to calculate basic and diluted earnings per share.

For the purposes of calculating the basic earnings per share, the profit or loss for the period less the portion attributable to non-controlling interests was used as the numerator. In addition, it should be noted that there were no preference dividends, settlements of preference shares, and other similar effects to be deducted from the profit or loss attributable to the ordinary equity holders. The weighted average number of ordinary shares outstanding was used as the denominator; this figure was calculated by deducting the average number of own shares held during the period from the overall number of shares composing the share capital.

Basic and diluted earnings per share were equal, as there are no ordinary shares that could have dilutive effects and no shares or warrants that could have dilutive effects will be exercised.

	31/12/2014	31/12/2013

Net profit/(loss) for the period	3,794,509	110,978
Average weighted number of ordinary shares outstanding	26,207,676	26,212,676
Basic earnings/(loss) per Share	0.1447	0.0042
Diluted earnings/(loss) per Share	0.1447	0.0042

32. RELATED PARTY DISCLOSURES

In compliance with the requirements of IAS 24, the annual compensation received by the members of the Board of Directors is shown below:

€/000	Compensation for office held	Compensation for other tasks	Total
Directors	221	323	544

This table shows the compensation paid for any reason and under any form, including social security contributions.
Following the introduction of Article 123-ter of the Consolidated Financial Act, further details on these amounts are provided in the Remuneration Report, which will be made available within the terms of the law at the registered office of the Company, as well as on the website www.irce.it.
There are no other related party relationships.

33. COMMITMENTS

The Group's commitments as of the reporting date are shown below.

Mortgage guarantees
The Group provided a mortgage on the building owned by ISOMET AG as collateral for a loan totalling €/000 3,252 from NAB bank, with maturity in 31/03/2017.

34. MANAGEMENT OF TRADE RECEIVABLES

Here below is the breakdown of receivables by internal rating.
The reclassification of receivables already takes into account any positions subject to renegotiation.

Risk level	Exposure, €/000
Minimum	28,967
Medium	32,896
Greater than average	8,224
High	4,468
Total	74,555

As of 31 December 2014, the breakdown of trade receivables by due date was as follows:

Due date	Amount, €/000
Not yet due	59,514
< 30 days	6,014
31-60	2,480
61-90	1,011
91-120	454
> 120	5,081
Total	74,555

35. CAPITAL RISK MANAGEMENT

The primary objective in managing the Group's capital is to maintain a solid credit rating and adequate capital ratios in order to support operations and maximise shareholder value.

€/000	31/12/2014	31/12/2013
Net financial indebtedness (A)	49,638	61,329
Shareholders' equity (B)	137,954	133,036
Total capital (A) + (B) = (C)	187,592	194,365
Gearing ratio (A) / (C)	26%	32%

36. FINANCIAL INSTRUMENTS

Here below is a comparison between the carrying amount and fair value of all the Group's financial instruments broken down by category:

€/000	Carrying amount		Fair value	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Financial assets				
Cash and cash equivalents	6,567	5,625	6,567	5,625
Other financial assets	1,186	619	1,186	619
Financial liabilities				
Current loans	53,425	65,904	53,425	65,904
Non-current loans	3,252	1,629	3,252	1,629
Other financial liabilities	23	494	23	494

37. EVENTS FOLLOWING THE REPORTING PERIOD

No significant events occurred between 01/01/2015 and the date of preparation of these financial statements.

38. DISCLOSURE PURSUANT TO ARTICLE 149-DUODECIES OF CONSOB ISSUERS' REGULATIONS

The following statement, drafted in accordance with Article 149-duodecies of the Consob Issuers' Regulations, shows the compensation relative to the year 2014 for auditing services and for other services supplied by the independent auditor or by entities belonging to its network to the Group's companies.

€/000	Entity supplying the service	Recipient	Compensation relative to the year

				2014
Auditing services	PricewaterhouseCoopers	EUR	IRCE S.p.A.	77
Auditing services	PricewaterhouseCoopers	EUR	Foreign subsidiaries	129
Tax review and other activities	PricewaterhouseCoopers	EUR	Foreign subsidiaries	22

39. DISCLOSURE PURSUANT TO ARTICLE 36 – SECTION VI OF CONSOB ISSUERS' REGULATIONS NO. 16191/2007

In compliance with the provisions of Article 36 – Section VI of Consob Regulations No. 16191 of 29.10.2007, here below are the accounting statements of subsidiaries incorporated under the law of non-EU countries that are particularly significant for the purposes of Consob Resolution No. 11971 of 1999 and were prepared for the purposes of drafting the consolidated financial statements:

ISOMET AG EUR	**2014**	**2013**
NON-CURRENT ASSETS		
Intangible assets	998	7,494
Property, plant and equipment	4,623,677	4,790,779
Equipment and other tangible fixed assets	116,683	47,328
Equity investments	2,036	1,994
Deferred tax assets	209,379	-
TOTAL NON-CURRENT ASSETS	**4,961,755**	**4,847,595**
CURRENT ASSETS		
Inventories	5,144,360	4,586,659
Trade receivables	1,216,309	1,205,229
Tax receivables	8,565	21,671
Receivables due from others	170,944	159,057
Cash and cash equivalents	286,141	575,976
TOTAL CURRENT ASSETS	**6,826,320**	**6,548,592**
TOTAL ASSETS	**11,788,075**	**11,396,187**
SHAREHOLDERS' EQUITY		
Share capital	674,354	674,354
Reserves	545,755	813,950
Foreign currency translation reserve	638,762	546,460
Retained earnings/(losses carried forward)	3,171,815	3,488,246
Profit/(loss) for the period	62,905	(316,433)
TOTAL SHAREHOLDERS' EQUITY	**5,093,588**	**5,206,577**
NON-CURRENT LIABILITIES		
Non-current financial liabilities	3,251,830	1,629,195
Deferred tax liabilities	525,156	436,668
Employee benefits' provisions	1,046,895	670,731
TOTAL NON-CURRENT LIABILITIES	**4,823,881**	**2,736,610**
CURRENT LIABILITIES		
Current financial liabilities	-	1,629,195
Trade payables	1,707,859	1,713,361
Other current liabilities	162,746	110,445
TOTAL CURRENT LIABILITIES	**1,870,605**	**3,453,001**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**11,788,075**	**11,396,187**

ISOMET AG EUR	**2014**	**2013**
Revenues	15,797,771	15,989,912
Other revenues	38,862	19,500
TOTAL REVENUES	**15,836,633**	**16,009,413**
Costs for raw materials	(13,261,947)	(13,249,407)
Change in inventories of work in progress and finished goods	456,876	(162,782)
Costs for services	(956,432)	(834,681)
Personnel cost	(1,859,280)	(1,817,874)
Amortisation/depreciation	(322,072)	(285,666)
Write-down of receivables and cash and cash equivalents	(1,760)	-
Other operating costs	(965)	(374)
EBIT	**(108,948)**	**(341,372)**
Financial income / (charges)	145,207	(13,796)
PROFIT/(LOSS) BEFORE TAX	**36,259**	**(355,169)**
Taxes	26,905	38,734
NET PROFIT/(LOSS) FOR THE PERIOD	**62,905**	**(316,434)**

IRCE LTDA EUR	2014	2013
NON-CURRENT ASSETS		
Intangible assets	15,666	46,117
Property, plant and equipment	22,292,190	22,812,931
Equipment and other tangible fixed assets	175,665	157,956
Non-current tax receivables	2,083,139	3,559,918
Deferred tax assets	1,524,449	1,777,002
TOTAL NON-CURRENT ASSETS	**26,091,109**	**28,353,925**
CURRENT ASSETS		
Inventories	10,222,442	11,087,169
Trade receivables	7,942,776	3,400,401
Tax receivables	1,231,474	1,737,160
Receivables due from others	58,495	71,400
Cash and cash equivalents	1,095,810	783,377
TOTAL CURRENT ASSETS	**20,550,996**	**17,079,507**
TOTAL ASSETS	**46,642,105**	**45,433,432**
SHAREHOLDERS' EQUITY		
Share capital	57,309,209	55,145,827
Foreign currency translation reserve	(7,470,908)	(7,744,232)
Retained earnings/(losses carried forward)	(10,833,778)	(8,850,597)
Profit/(loss) for the period	2,566,335	(1,983,181)
TOTAL SHAREHOLDERS' EQUITY	**41,570,858**	**36,567,817**
NON-CURRENT LIABILITIES		
Non-current financial liabilities due to the parent company	3,628,662	5,751,970
Deferred tax liabilities	**-**	**-**
Provisions for risks and charges	**-**	**-**
TOTAL NON-CURRENT LIABILITIES	**3,628,662**	**5,751,970**
CURRENT LIABILITIES		
Current financial liabilities	-	-
Trade payables	893,823	2,783,448
Tax payables	161,350	19,282
Social security contributions	38,486	33,356
Other current liabilities	348,925	277,558
TOTAL CURRENT LIABILITIES	**1,442,585**	**3,113,644**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**46,642,105**	**45,433,432**

IRCE LTDA EUR	**2014**	**2013**
Revenues	40,892,475	36,964,880
Other revenues	20,871	29,506
TOTAL REVENUES	**40,913,347**	**36,994,386**
Costs for raw materials	(33,200,146)	(29,514,963)
Change in inventories of work in progress and finished goods	482,553	(807,669)
Costs for services	(2,568,938)	(2,756,874)
Personnel cost	(1,900,196)	(1,859,773)
Amortisation/depreciation	(1,396,742)	(1,591,483)
Write-down of receivables and cash and cash equivalents	(38,615)	-
Other operating costs	(340,621)	(267,818)
EBIT	**1,950,642**	**195,807**
Financial income/(charges)	1,546,731	(2,553,408)
PROFIT/(LOSS) BEFORE TAX	**3,497,373**	**(2,357,600)**
Taxes	(931,038)	374,419
NET PROFIT/(LOSS) FOR THE PERIOD	**2,566,335**	**(1,983,181)**

Attachment 1

List of equity investments held by Directors, Statutory Auditors as well as their spouses and underage children

SURNAME AND NAME	INVESTEE COMPANY	NO. OF SHARES OWNED AS OF 31/12/2013	NO. OF SHARES ACQUIRED	NO. OF SHARES SOLD	NO. OF SHARES OWNED AS OF 31/12/2014
Casadio Filippo	IRCE S.p.A.	561,371			561,371
Gandolfi Colleoni Francesco	IRCE S.p.A.	559,371 (*)			559,371 (*)
	IRCE S.p.A.	30,000			30,000
Sepriano Gianfranco	IRCE S.p.A.	3,500			3,500
Pischedda Francesca	IRCE S.p.A.	0			0
Dallago Orfeo	IRCE S.p.A.	587,267			587,267
Venceslai Leonello	IRCE S.p.A.	0			0
Stupazzini Franco	IRCE S.p.A.	0			0
Adalberto Costantini	IRCE S.p.A.	0			0

(*) Shares owned by his wife, Carla Casadio

Attachment 2

Certification of the annual consolidated financial statements pursuant to Article 154-bis, paragraph 5, of Italian Legislative Decree No. 58 of 24 February 1998:

We, the undersigned, Mr Filippo Casadio, Chairman, and Ms Elena Casadio, Manager responsible for preparing the corporate accounting documents of IRCE S.p.A., hereby certify, taking into account the provisions of Article 154-bis, paragraph 5, of Italian Legislative Decree No. 58 of 24 February 1998:

- the adequacy in relation to the company's characteristics, and
- the effective application

of the administrative and accounting procedures used to prepare the consolidated financial statements.

In addition, we hereby certify that the consolidated financial statements:

a) are consistent with accounting books and records;
b) are prepared in compliance with international accounting standards and give a true and fair view of the financial position, financial performance and cash flows of the issuer as well as of the group of companies included within the scope of consolidation;
c) that the Report on Operations contains a reliable analysis of the information pursuant to paragraph 4, Article 154-ter of Italian Legislative Decree No. 58 of 24 February 1998.

Imola, 13 March 2015

Filippo Casadio
Chairman

Elena Casadio
Manager responsible for preparing the corporate accounting documents

SEPARATE FINANCIAL STATEMENTS OF IRCE S.p.A. AS OF 31 DECEMBER 2014

SEPARATE STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	31/12/2014	31/12/2013
NON-CURRENT ASSETS			
Intangible assets	1	309,760	366,379
Property, plant and equipment	2	17,046,154	19,417,068
Equipment and other tangible fixed assets	2	961,774	913,903
Fixed assets under construction and advances	2	276,688	182,869
Non-current financial assets and receivables	3	15,133,879	17,669,158
(of which: related parties)		*15,133,711*	*17,668,990*
Equity investments	3	75,880,929	75,290,414
Non-current tax receivables	4	811,582	811,582
Deferred tax assets	5	1,146,624	1,449,886
TOTAL NON-CURRENT ASSETS		**111,567,390**	**116,101,259**
CURRENT ASSETS			
Inventories	6	69,062,984	54,995,992
Trade receivables	7	47,472,850	47,266,274
Receivables due from subsidiaries	8	7,706,694	9,644,240
Current tax receivables	9	431,207	379,215
Receivables due from others	10	1,083,241	486,469
Current financial assets	11	1,185,817	619,476
Cash and cash equivalents	12	866,788	958,318
TOTAL CURRENT ASSETS		**127,809,581**	**114,349,984**
TOTAL ASSETS		**239,376,971**	**230,451,243**

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31/12/2014	31/12/2013
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	13	14,626,560	14,626,560
RESERVES	13	122,282,393	121,817,506
PROFIT FOR THE PERIOD	13	1,034,876	857,479
TOTAL SHAREHOLDERS' EQUITY		**137,943,829**	**137,301,545**
NON-CURRENT LIABILITIES			
Provisions for risks and charges	14	6,474,896	5,382,573
Employee benefits' provisions	15	4,804,424	4,905,925
TOTAL NON-CURRENT LIABILITIES		**11,279,320**	**10,288,498**
CURRENT LIABILITIES			
Current financial liabilities	16	50,931,024	63,050,841
Trade payables	17	30,268,193	12,801,583
Payables due to subsidiaries	18	1,512,946	543,009
Tax payables	19	1,419,614	639,791
Social security contributions	20	1,867,843	1,923,529
Other current liabilities	21	4,154,202	3,902,447
TOTAL CURRENT LIABILITIES		**90,153,822**	**82,861,200**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**239,376,971**	**230,451,243**

SEPARATE INCOME STATEMENT

	Notes	31/12/2014	31/12/2013
Revenues	22	220,447,620	234,284,167
(of which: related parties)		*10,990,357*	*12,744,929*
Other revenues and income	23	676,004	977,760
(of which: related parties)		*53,382*	*84,630*
TOTAL REVENUES		**221,123,624**	**235,261,927**
Costs for raw materials and consumables	24	(177,035,741)	(179,124,784)
(of which: related parties)		*(2,725,965)*	*(1,297,765)*
Change in inventories of work in progress and finished goods		4,073,380	(6,408,023)
Costs for services	25	(23,631,973)	(24,059,115)
(of which: related parties)		*(787,698)*	*(720,908)*
Personnel costs	26	(17,444,907)	(16,463,035)
Amortisation/depreciation	27	(3,329,617)	(3,390,950)
Provisions and write-downs	28	(957,434)	(1,136,721)
Other operating costs	29	(539,717)	(630,297)
EBIT		**2,257,615**	**4,049,002**
Write-down of equity investments	30	(2,299,605)	(1,024,543)
Financial income / (charges)	31	3,056,045	(864,738)
(of which: related parties)		*107,721*	*215,982*
PROFIT BEFORE TAX		**3,014,055**	**2,159,721**
Income taxes	32	(1,979,179)	(1,302,242)
PROFIT FOR THE PERIOD		**1,034,876**	**857,479**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	31.06.2014	31.12.2013
€/000		
PROFIT / (LOSS)	**1.035**	**857**
Net profit / (loss) from Cash Flow Hedge	30	72
Income taxes	(8)	(20)
	22	52
Total other profit / (loss); net of tax which may be subsequently reclassified to profit / (loss) for the year	**22**	**52**
Net profit / (loss) - IAS 19	(198)	189
Income taxes	54	(52)
	(144)	137
Total other profit / (loss) net of tax, which will not subsequently reclassified to profit / (loss) for the year	**(144)**	**137**
TOTAL VARIATION	(122)	189
Total comprehensive profit / (loss), net of taxes	**912**	**1.046**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€/000	Share capital		Other reserves			Reatined earnings						
	Share capital	Own shares	Share premium reserve	Own shares (shares premium)	Other reserves	Legal reserve	Extraordinary reserve	Cash Flow Hedge reserve	Undivided profit	Actuarial reserve	Result for the period	Total
Balance as of 31 december 2011	**14.627**	**(996)**	**40.539**	**(406)**	**43.087**	**2.925**	**26.755**	**(74)**	**6.462**	**(525)**	**4.388**	**136.779**
Result for the year											857	857
Other comprehensive profit/(loss)								52		137		189
Total profit/(loss) from statement of comprehensive income								**52**		**137**	**857**	**1.046**
Allocation of the result of the previous year							4.388				(4.388)	
Dividends							(524)					(524)
Balance as of 31 december 2012	**14.627**	**(996)**	**40.539**	**(406)**	**43.087**	**2.925**	**30.619**	**(22)**	**6.462**	**(388)**	**857**	**137.301**
Result for the year											1.035	1.035
Other comprehensive profit/(loss)								22		(144)		(122)
Total profit/(loss) from statement of comprehensive income								**22**		**(144)**	**1.035**	**912**
Allocation of the result of the previous year							857				(857)	
Dividends							(262)					(262)
Purchase and sale of own shares		(3)		(6)								(9)
Balance as of 31 december 2013	**14.627**	**(999)**	**40.539**	**(412)**	**43.087**	**2.925**	**31.214**	**0**	**6.462**	**(532)**	**1.035**	**137.944**

With regard to the items of consolidated shareholders' equity, please refer to note 12.

SEPARATED STATEMENT OF CASH FLOWS	Note	31/12/2014	31/12/2013
€/000			
OPERATING ACTIVITIES			
Net profit for the period		**1.035**	**857**
Adjustmenrts for:			
Amortization/depreciation	24	3.330	3.391
Change in deferred taxes	5	303	(5)
(Gains)/losses from disposal of fixed assets		(10)	(106)
(Gains) /losses on unrealized translation difference	28	(290)	(61)
Taxes	27	(1.979)	1.379
Financial income/(loss)		(2.275)	606
Operating profit/(loss) before change in working capital		**114**	**6.061**
Taxes paid		(746)	(1.623)
Decrease (increase) in inventory		(14.067)	13.125
Change in current assets and liabilities		20.600	3.789
Change in current assets and liabilities to related parties		2.907	(1.325)
Change in non current assets and liabilities		2.564	632
Change in non current assets and liabilities to related parties		2.535	7.109
CASH FLOW PROVIDED BY OPERATING ACTIVITIES		**13.908**	**27.768**
INVESTING ACTIVITIES			
Investments in intangible assets	1	(46)	(229)
Investments in tangible assets	2	(1.137)	(1.616)
Equity investments		(2.163)	(14.981)
Proceeds from disposal		150	431
CASH FLOW USED IN INVESTMENTS ACTIVITIES		**(3.196)**	**(16.395)**
FINANCIAL ACTIVITIES			
Repayement of borrowings	13	(2.204)	(2.204)
Change in current other financial payables	13	(9.916)	(9.236)
Change in current financial assets		(566)	100
Interest paid	16	(1.204)	(2.467)
Interest received	10	3.480	1.860
Dividend paid		(262)	(524)
Change in minority shareholders' capital		(122)	189
Shares buy back		(9)	0
CASH FLOW PROVIDED BY FINANCING ACTIVITIES		**(10.803)**	**(12.282)**
NET CASH FLOW FOR THE PERIOD		**(91)**	**(909)**
CASH AND EQUIVALENT AT THE BEGINNING OF THE PERIOD	11	958	1.867
TOTAL NET CASH FLOW FOR THE PERIOD		**(91)**	**(909)**
CASHAND EQUIVALENT AT THE END OF YEAR	11	867	958

ACCOUNTING STANDARDS AND EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2014

GENERAL INFORMATION

These annual financial statements as of 31 December 2014 were authorised for publication by the Board of Directors on 13 March 2015.
IRCE S.p.A. (henceforth also referred to as the "Company") is a company incorporated under the law of the Italian Republic and has its registered office in via Lasie 12/a, Imola (Italy), Economic & Administrative Index No. 266734 BO 001785.
IRCE S.p.A. owns four manufacturing plants and is one of the major industrial players in Europe in winding wires, as well as in low-voltage electrical cables in Italy.
Its plants are located in Imola (Bologna), Guglionesi (Campobasso), Umbertide (Perugia), and Miradolo Terme (Pavia).

BASIS OF PREPARATION

The annual financial statements for the year 2014 were prepared in accordance with the IFRSs (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) and endorsed by the European Union. The term IFRS also refers to all revised International Accounting Standards ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC).

The formats used for the financial statements have been prepared in accordance with the provisions of IAS 1; in particular:

- the statement of financial position was drafted by presenting current and non-current assets, and current and non-current liabilities, as separate classifications;
- the income statement was drafted by classifying the items "by nature";
- the statement of cash flows was prepared, in accordance with IAS 7, reporting cash flows during the year classified by operating, investing and financing activities. Cash flows from operating activities were reported using the "indirect method".

ACCOUNTING STANDARDS AND CRITERIA

Accounting standards, amendments and interpretations applied as of 1 January 2014.

IFRS 11 – Joint Arrangements. The new standard requires a new classification of interests in jointly controlled entities pursuant to IAS 31 – Interests in Joint Ventures, as either "jointly controlled assets" (if the Group has rights to the assets and obligations for the liabilities of the arrangement) or interests in "joint ventures" (if the Group has rights to the net assets of the arrangement).
The classification of the arrangements is based on the rights and obligations arising from them as well as their legal form.
The Group adopted this new standard starting from 1 January 2014. Its adoption did not have any impact.

IFRS 12 – Disclosure of Interests in Other Entities IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including those in subsidiaries, joint arrangements, associates, special purpose entities, and other unconsolidated vehicles. The Group adopted this new standard starting from 1 January 2014. Its adoption did not have any impact on this report.

Offsetting of financial assets and liabilities (Amendments to IAS 32 – Financial Instruments: Presentation effective from 1 January 2014). These amendments clarify some criteria for offsetting financial assets and liabilities and are to be applied retrospectively. The adoption of these amendments did not have any impact on this report.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36 – Recoverable Amounts Disclosures for Non-Financial Assets). These amendments govern the disclosure requirements on the recoverable amount of impaired assets that is based on fair value less costs of disposal starting from 1 January 2014. The adoption of these amendments did not have any impact on this report.

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39 – Financial Instruments: Recognition and Measurements). The amendments allow for the continuation of hedge accounting if a derivative financial instrument, designated as a hedging instrument, is novated following the application of legal provisions or regulations, in order to replace the original counterparty and guarantee the fulfilment of the obligation assumed, provided that some conditions are met. The adoption of these amendments did not have any impact.

IFRIC 21 – Levies, an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. The interpretation, effective from 1 January 2014, establishes the recognition of liabilities to pay levies other than income taxes, and specifically which event gives rise to the obligation and the moment the liability is to be recognised. The adoption of this interpretation did not have any impact on this report.

Accounting standards, amendments and interpretations that are not yet applicable and not adopted early by the Company

As of the date of these Financial Statements, the competent bodies of the European Union had not yet completed the endorsement process required for the adoption of the following accounting standards, amendments and interpretations:

On 21 November 2013, the IASB published some minor amendments to IAS 19 – Employee Benefits titled "Defined Benefit Plans: Employee Contributions". These amendments concern the simplification of the accounting for contributions to defined benefit plans from employees or third parties in specific cases. These amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014; early adoption is allowed.

- in December 2013, the IASB issued a number of amendments to IFRSs (Annual Improvements to IFRSs - 2010- -2012 Cycle and Annual Improvements to IFRSs - 2011-2013 Cycle). Among other things, these amendments address mainly the following: the definition of vesting conditions in IFRS 2 – Share-based Payment, the disclosures on estimates and judgements used in grouping operating segments in IFRS 8 – Operating Segments, the identification and disclosure of a related party transaction arising when a service company provides key management personnel services to the reporting entity in IAS 24 – Related Party Disclosures, the exclusion from the scope of IFRS 3 – Business Combinations of all kinds of joint arrangements (as defined in IFRS 11 – Joint Arrangements), and clarification on the exceptions to IFRS 13 – Fair Value Measurement. The amendments are applicable for annual periods beginning on or after 1 January 2015.

- in May 2014, the IASB issued amendments to IFRS 11 – Joint Arrangements: Accounting for Acquisitions of Interest in Joint Operations, providing clarification on the accounting for acquisitions of interests in Joint Operations constituting a business. The amendments are to be applied retroactively for annual periods beginning on or after 1 January 2016. Early application is allowed.

- in May 2014, the IASB issued an amendment to IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets. The IASB clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate, since the revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. Furthermore, the IASB also introduced a presumption that the use of revenue-based methods to calculate the consumption of the economic benefits generated by an intangible asset is not appropriate. However, this presumption can be rebutted in certain limited circumstances. The amendments are effective for annual periods beginning on or after 1 January 2016. Early application is allowed.

- in May 2014, the IASB issued IFRS 15 - Revenue from Contracts with Customers, which requires an entity to recognise revenue when control of goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for said products or services. For this purpose, the new revenue recognition model establishes a process in five steps. Furthermore, the new standard requires additional disclosures on the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The new standard is to be applied for annual periods beginning on or after 1 January 2017. Early adoption is allowed.

- in July 2014, the IASB issued IFRS 9 – Financial Instruments. The series of changes in the new standard includes the introduction of a logical approach for the classification and measurement of financial instruments that is driven by cash flow characteristics and the business model in which an asset is held, a single expected-loss impairment model, and a substantially reformed approach to hedge accounting. The new standard is to be applied retroactively for annual periods beginning on or after 1 January 2018. Early adoption is allowed.

IRCE S.p.A. will adopt these new standards, amendments and interpretations based on the relevant application dates and will assess the potential impact after they are endorsed by the European Union.

Foreign currency translation of financial statement items

The functional and presentation currency adopted by IRCE S.p.A. is the Euro. The following criteria were used:

- monetary items, consisting of money held and assets or liabilities to be received or paid, were translated using the spot exchange rate at the reporting date, and the relevant exchange gains and losses were recognised in profit or loss;
- non-monetary items measured at their historical cost in a foreign currency were translated using the spot exchange rate at the date on which the transaction occurred;
- fixed assets, such as loans in foreign currencies, are recognised at the spot exchange rate at their acquisition date and translated into the functional currency using the spot exchange rate at the reporting date. However, the differences deriving from these loans are not recognised in profit or loss, but are directly recognised in equity until the investment is entered.

Tangible fixed assets

Tangible fixed assets are measured at their purchase cost after deducting discounts and rebates, or at the construction cost, including directly attributable costs less any accumulated depreciation and accumulated impairment losses.
At the time of the transition to the IFRSs, certain elements of the items "land and buildings” and “industrial machinery and equipment” were measured by adopting the re-determined value, which was equal to the fair value at the date of the transition to the IFRSs. This value was then used as the deemed cost at the transition date, generating an FTA - First Time Adoption reserve.
The carrying amount of tangible assets is tested for impairment if events or changes in circumstances indicate that it might be impaired. If there is any such indication, and the asset's carrying amount exceeds its recoverable amount, the asset is written down to this lower value. The recoverable amount of tangible assets is the higher of net price to sell and value in use.

Depreciation, in accordance with IFRSs, is calculated using the straight-line method and on the basis of rates reflecting the estimated useful life of the assets to which they refer.
Costs incurred after the acquisition are only capitalised if they result in an increase in the intrinsic future economic benefits of the asset to which they refer; if this is not the case, they are recognised as an expense when incurred.
On disposal, or when no future economic benefits are expected from the use of an asset, this is derecognised from the financial statements and any gain or loss (calculated as the difference between the disposal value and the carrying amount) is recognised in profit or loss in the year the asset is derecognised.

Land, including that ancillary to buildings, is not depreciated.

Fixed assets under construction and advances paid for the acquisition of tangible fixed assets are measured at cost. Depreciation begins when the assets is available and ready for use; at this date, they are classified within their specific category.

Intangible fixed assets

Intangible fixed assets are recognised under assets, in accordance with the provisions of IAS 38 (Intangible Assets) when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be determined in a reliable manner.
Intangible fixed assets that are acquired separately are initially capitalised at cost, while those acquired through business combination transactions are capitalised at their fair value at their acquisition date.
After initial recognition, intangible fixed assets are measured at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible fixed assets, with the exception of development costs, are not capitalised and are recognised in profit or loss as incurred. The Company capitalises development costs only when there is reasonable certainty they will be recovered. The useful life of intangible fixed assets is either finite or indefinite. Intangible assets with a finite useful life are amortised over their useful life and tested for impairment whenever there is an indication of a potential impairment loss. The amortisation period and the amortisation method applied are reviewed at the end of each financial year or more frequently, if necessary. Changes in the expected useful life, or in the manner the Company obtains the future economic benefits associated with the intangible asset, are recognised by modifying the amortisation period or the amortisation method and treated as changes in accounting estimates. The amortisation charges for intangible assets with finite useful lives are recognised in profit or loss within the cost category that is consistent with the function of the intangible asset.
IRCE did not recognise intangible assets with an indefinite useful life.
Gains or losses arising from the disposal of an intangible fixed asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible fixed asset, and are recognised in profit or loss when the fixed asset is disposed of.

Financial fixed assets

Equity investments

Equity investments in subsidiaries and associates are recognised at cost, adjusted for any impairment losses. The positive difference, arising at the time of purchase, between the acquisition cost and the Company's share of the fair value of the shareholders' equity of the investee is thus included in the carrying amount of the equity investment.
If the Company's share of the investee's losses exceeds the carrying amount of the equity investment, the latter is reduced to zero, additional losses are provided for, and a liability is recognised to the extent the Company has incurred obligations concerning them.
Equity investments in companies other than subsidiaries and associates (with percentages of ownership significantly lower than 20%) are classified, at the time of the acquisition, amongst "available for sale" financial assets or "other financial assets measured at fair value through profit or loss" under either current or non-current assets.
The above-mentioned investments are measured at fair value, or at cost in the case of non-listed equity investments or those whose fair value is not reliable, or cannot be determined, adjusted for impairment losses. Changes in the value of equity investments classified as assets measured at fair value through profit or loss are directly recognised in the income statement. Changes in the value of equity investments classified as available for sale are recognised in a shareholders' equity reserve that will be transferred to the income statement at the time of the sale. IRCE does not hold financial assets classified as "available for sale".

Non-current receivables and other assets

Non-current receivables and other assets consist of receivables due from subsidiaries as well as deferred tax assets and other items.
Receivables and other financial assets to be held until maturity are recognised at cost, represented by the fair value of the initial consideration given increased by transaction costs. The amount at initial recognition is subsequently adjusted for principal reimbursements and any write-downs.

Inventories

Inventories are measured at the lower of cost and net realisable value. The costs incurred are recognised as follows:

- Raw materials: average weighted purchase cost
- Finished and semi-finished goods: direct cost of materials and labour costs plus a share of the indirect costs and production overheads defined on the basis of normal production capacity.

The net realisable value is the normal price to sell less the estimated costs to complete and estimated costs to sell.

Trade receivables and other receivables

Receivables are recognised at their fair value, which is their nominal amount less any impairment losses. With regard to trade receivables, an impairment provision is made when there is objective evidence (such as, for example, the probability of insolvency or significant financial difficulty of the debtor) that the company will not be able to recover all the amounts due on the basis of the original terms of the invoice. The carrying amount of the receivable is reduced using a specific allowance account. Impaired receivables are written off when it is determined that they are not recoverable.

Cash and cash equivalents

Cash and cash equivalents include cash on hand as well as demand and short-term bank deposits recognised at their nominal amounts; in the latter case, the original maturity shall not exceed three months.

Financial payables and liabilities

Payables are recognised at their nominal amount if they are due within the subsequent year; they are measured with the amortised cost method if due after 12 months.
Financial liabilities consisting of loans are initially recognised at their fair value increased by transaction costs; subsequently, they are measured at their amortised cost, i.e. at their initial amount less already made principal reimbursements and adjusted (increased or decreased) on the basis of the amortisation (using the effective interest method) of any differences between the initial amount and the amount at maturity.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset are extinguished;
- the Company retains the right to receive cash flows from the asset but has assumed the contractual obligation to pay them in full without delay to a third party;
- the Company has transferred the right to receive cash flows from the asset and (a) has substantially transferred all the risks and rewards of ownership of the financial asset or (b) has not substantially transferred nor retained all the risks and rewards of the asset but has transferred control.

In cases where the Company transferred its rights to receive cash flows from an asset and has not substantially transferred nor withheld all the risks and rewards or has not lost control over the asset, this is recognised in the financial statements of the Group to the extent of the latter’s continuing involvement in the asset. The continuing involvement – which takes the form of guaranteeing the transferred asset – is measured at the lower of the initial carrying amount of the asset and the maximum amount of the consideration that the Company could be required to pay.

In cases where the continuing involvement takes the form of an option that is issued and/or acquired with respect to the transferred asset (including cash-settled options, or similar options), the extent of the Company's involvement corresponds to the amount of the transferred asset which the Company may buy back; however, in the case of a put option which is issued on an asset that is measured at fair value (including the options settled in cash or with similar provisions), the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the exercise price of the option.

Financial liabilities

A financial liability is derecognised when the obligation underlying the liability is settled, cancelled or discharged.

If an existing financial liability is replaced by another from the same lender – and with substantially different terms – or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, recognising any differences between the carrying amounts through profit or loss.

Provisions for risks and charges

Provisions for risks and charges include provisions arising from present obligations (legal or constructive) as a result of past events and for which an outflow of resources is probable. Changes in estimates are reflected in the income statement for the period in which the change occurs. If the effect of discounting the value of money is material, the provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision that arises from the passage of time is recognised as a financing cost.

Employee Benefits

Employee benefits substantially include employee termination indemnities as well as retirement funds. Italian Law No. 296 of 27 December 2006 "2007 Financial Act" introduced significant changes to the allocation of quotas of the employee termination indemnities. Up until 31 December 2006, employee termination indemnities were part of post-employment benefit plans of the "defined benefit plans" type, and were measured, in accordance with IAS 19, by independent actuaries using the projected unit credit method. This calculation consists in estimating the amount of the benefit an employee will receive on the estimated date of termination of the work relationship by using demographical and financial assumptions. The amount determined in this manner is discounted and recalculated on the basis of the accrued service as a proportion of the total length of service and represents a reasonable estimate of the benefits each employee has already earned for past service.
Following the occupational pension reform, the provisions for employee termination indemnities – for the amounts accruing from 1 January 2007 - should be considered essentially comparable to a "defined contribution plan". More specifically, these changes gave employees the opportunity to choose how to allocate their accruing employee termination indemnities: in companies with more than 50 employees, employees can decide to transfer the accruing employee termination indemnities into pre-defined pension schemes or keep them with the company, which will transfer them to INPS (Italy's social security institute).
In summary, following the occupational pension reform and with regard to the employee termination indemnities accrued before 2007, the Group actuarially measured them without including the component referring to future salary increases. The benefits subsequently accrued were instead recognised in accordance with the methods for defined contribution plans.

Derivative financial instruments

The company used derivative financial instruments such as forward contracts for the purchase and sale of copper in order to hedge against its exposure to the risk of changes in raw material prices as well as forward contracts for the purchase of USD.
Any gains or losses arising from changes in the fair value of derivatives, which are outstanding as of the reporting date and do not qualify for hedge accounting, are recognised directly in profit or loss.

The fair value of forward contracts for the sale of copper outstanding as of the reporting date is determined on the basis of forward prices of copper with reference to the maturity dates of contracts outstanding as of the reporting date.
For the purposes of hedge accounting, hedges are classified as:

- fair value hedges against the risk of changes in the fair value of an underlying asset or liability; or a firm commitment (except for currency risk); or
- cash flow hedges against the exposure to changes in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction;
- hedges of a net investment in a foreign operation (net investment hedge).

At the inception of a hedge, the company formally designates and documents the hedging relationship to which it intends to apply hedge accounting as well as its risk management objectives and the pursued strategy. The documentation includes the identification of the hedging instrument as well as of the hedged item or transaction, the nature of the risk, and how the company intends to measure the effectiveness of the hedge in offsetting the exposure to changes in the fair value of the hedged item or cash flows attributable to the hedged risk.

These hedges are expected to be highly effective in offsetting the exposure of the hedged item to changes in the fair value or cash flows attributable to the hedged risk. The measurement of the effectiveness of these hedges is conducted on an ongoing basis during the years in which they have been designated.

Own shares

If the company reacquires its own shares, these are deducted from shareholders' equity. In particular, they are measured at their nominal amount in the "Own shares" reserve and the excess of the purchase amount over the nominal amount is accounted for as a deduction from "Other reserves". The purchase, sale, issue or cancellation of equity instruments does not result in the recognition of any gain or loss in the income statement, but is rather recognised directly as a change in shareholders' equity.

Recognition of revenues

Revenues are recognised, in accordance with the provisions of IAS 18, to the extent that it is probable that the economic benefits will flow to the company and the relevant amount can be measured reliably. The following specific revenue recognition criteria must always be complied with for revenues to be recognised in the income statement.

Sale of goods

Revenue is recognised when the company has transferred the significant risks and rewards of ownership of the good, generally on the date the good is shipped.

Interest

Interest is recognised as financial income after establishing that interest income has accrued (this is done using the effective interest method: the effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividends
Revenues are recognised when the shareholder's right to receive payment is established.

Costs

Costs are recognised on an accrual basis. Research, advertising and promotional costs are recognised in the income statement in the year in which they are incurred.

Financial income and charges

Financial income and charges are recognised immediately in profit or loss.

Income taxes

Current taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to calculate the amount are those that have been enacted or are expected to apply as of the reporting date.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are calculated using the so-called liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when deferred tax liabilities arise from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction itself, affects neither accounting profit nor taxable profit;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except when:

- the deferred tax asset for the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction itself, affects neither accounting profit nor taxable profit;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are reviewed on an annual basis at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets or liabilities relating to items recognised directly in equity are recognised directly in equity and not in profit or loss.

Use of estimates

The preparation of the financial statements and the relevant notes in accordance with IFRS requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. Actual results could differ from these estimates. Estimates are used mainly to recognise the provisions for credit risks as well as amortisation/depreciation, taxes, and other provisions and funds. The estimates and assumptions are reviewed periodically and the effects of each change are immediately reflected in profit or loss.

DERIVATIVE INSTRUMENTS

The Company uses the following types of derivative instruments:

- Derivative instruments related to copper forward sale transactions with maturity after 31 December 2014. The Company entered into sale contracts to hedge against price decreases relating to the availability of raw materials The fair value of copper forward contracts outstanding at the reporting date is determined on the basis of forward prices of copper with reference to the maturity dates of contracts outstanding at the reporting date. These transactions do not satisfy the conditions required for recognising these instruments as hedging instruments for the purposes of hedge accounting.

A summary of derivative contracts related to commodities (copper) for forward sales outstanding at 31 December 2014 is shown below:

Measurement unit of the notional amount	Notional amount with maturity within one year (tons)	Notional amount with maturity after one year	Result with fair value measurement as of 31/12/2014 €/000
Tons	2,275	0	726

- Derivative instruments related to USD forward purchase commitments with maturity after 31 December 2014. These transactions do not satisfy the conditions required for recognising these instruments as hedging instruments for the purposes of cash flow hedge accounting.

A summary of derivative contracts related to USD forward purchases outstanding at 31 December 2014 is shown below:

Measurement unit of the notional amount	Notional amount with maturity within one year (€/000)	Notional amount with maturity after one year	Result with fair value measurement as of 31/12/2014 €/000
USD	13,000	0	290

The fair value of forward contracts for currency purchases outstanding at 31 December 2013 was determined on the basis of forward currency prices with reference to the maturity dates of contracts outstanding at the reporting date.

FINANCIAL INSTRUMENTS BY CATEGORY

Here below is the breakdown of financial instruments referring to the items of the financial statements:

As of 31 December 2014 - €/000	Loans and receivables	Derivatives with a balancing entry in the Income Statement	Derivatives with a balancing entry in shareholders' equity	Total
Non-current financial assets				
Non-current tax receivables	812			812
Other non-current financial assets and receivables	15,134			15,134
Current financial assets				
Trade receivables	55,180			55,180
Current tax receivables	431			431
Receivables due from others	1,084			1,084
Other current financial assets	170	1,016		1,186
Cash and cash equivalents	867			867

as of 31 December 2013 - €/000	Loans and receivables	Derivatives with a balancing entry in the Income Statement	Derivatives with a balancing entry in shareholders' equity	Total
Non-current financial assets				
Non-current tax receivables	812			812
Other non-current financial assets and receivables	17,669			17,669
Current financial assets				
Trade receivables	56,910			56,910
Current tax receivables	379			379
Receivables due from others	486			486
Other current financial assets	619			619
Cash and cash equivalents	958			958

As of 31 December 2014 - €/000	Other financial liabilities	Derivatives with a balancing entry in the Income Statement	Derivatives with a balancing entry in shareholders' equity	Total
Non-current financial liabilities				
Financial payables	-			-
Current financial liabilities				
Trade payables	31,781			31,781
Other payables	3,287			3,287
Financial payables	50,931			50,931

As of 31 December 2013 - €/000	Other financial liabilities	Derivatives with a balancing entry in the Income Statement	Derivatives with a balancing entry in shareholders' equity	Total
Non-current financial liabilities				
Financial payables	-			-
Current financial liabilities				
Trade payables	13,345			13,345
Other payables	6,466			6,466
Financial payables	62,563	458	30	63,051

FAIR VALUE

A comparison between the carrying amount of financial instruments held by the Company and their fair value did not reveal significant differences.
IFRS 7 defines the following three levels of fair value for measuring the financial instruments recognised in the statement of financial position:

- Level 1: quoted prices in active markets.
- Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs not based on observable market data.

The following tables shows the assets and liabilities that are measured at fair value as of 31 December 2014 and as of 31 December 2013 broken down by level of fair value hierarchy (€/000):

2014	Level 1	Level 2	Level 3	Total
Assets:				
Derivative financial instruments	-	1,016	-	1,016
Total assets	-	1,016	-	1,016
Liabilities:				
Derivative financial instruments	-	-	-	-
Total liabilities	-	-	-	-

2013	Level 1	Level 2	Level 3	Total
Assets:				
Derivative financial instruments	-	-	-	-
Total assets	-	-	-	-
Liabilities:				
Derivative financial instruments	-	488	-	488
Total liabilities	-	488	-	488

During the year, there were no transfers between the three fair value levels specified in IFRS 7.

SEGMENT REPORTING

In accordance with the provisions of IFRS 8, an operating segment is a component of an entity: a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and c) for which discrete financial information is available.

With regard to the two types of products sold, as from 2011, IRCE's management only monitors the breakdown of revenues between winding wires and cables; with regard to the residual amount which is not allocated, reference is made to revenues from the sale of other materials and services which cannot be classified within the two types of products sold.

Revenues are then analysed by geographical area (revenues from Italian customers, non-Italian customers in the EU and non-EU customers).

The winding wire segment supplies manufacturers of engines and electric generators, transformers, relays and electromagnetic valves.

The cable segment supplies the following industries: construction, civil and industrial engineering (cabling), and consumer durable goods (electrical devices).

€/000	2014				2013			
	Winding wires	Cables	Not allocated	Total	Winding wires	Cables	Not allocated	Total
Revenues	172,186	48,223	38	220,448	184,257	49,936	91	234,284

€/000	2014 Italy	2014 EU (Italy not included)	2014 Non-EU	2014 Total	2013 Italy	2013 EU (Italy not included)	2013 Non-EU	2013 Total
Revenues	106,502	94,526	19,419	220,448	106,507	108,863	18,914	234,284

COMMENT ON THE MAIN ITEMS OF THE SEPARATE STATEMENT OF FINANCIAL POSITION

1. INTANGIBLE ASSETS

This item refers to intangible assets from which future economic benefits are expected. The changes in their net carrying amount are shown below:

€/000	Patent and intellectual property rights	Licenses, trademarks, similar rights and multi-year charges	Fixed assets under development	Total
Net carrying amount as of 31/12/2013	20	157	189	366
Changes during the period				
. Investments	46	-	-	46
. Reclassifications	-	-	-	-
. Amortisation/depreciation	(43)	(60)	-	(103)
Total changes	3	(60)	-	(57)
Net carrying amount as of 31/12/2014	23	97	189	309

A description of intangible assets and the amortisation method used is shown in the following table.

Fixed asset	Useful life	Rate	Internally produced or acquired	Impairment test
Patent and intellectual property rights	Finite	50%	Acquired	Review of the amortisation method at each reporting date and impairment test in the presence of indicators of impairment
Concessions and licenses	Finite	20%	Acquired	Review of the amortisation method at each reporting date and impairment test in the presence of indicators of impairment
Trademarks and similar rights	Finite	5.56%	Acquired	Review of the amortisation method at each reporting date and impairment test in the presence of indicators of impairment

The amortisation rates for other intangible fixed assets were determined as a function of their specific residual useful lives and are reviewed at each reporting date.

Each year, the Company incurs R&D expenses that are recognised in profit or loss, as they do not meet the conditions for capitalisation pursuant to IAS 38.

2. TANGIBLE ASSETS

€/000	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Fixed assets under construction and advances	Total
Net carrying amount as of 31/12/2012	7,836	6,175	6,428	691	341	1,019	22,490
Changes during the period							
. Investments	-	49	1,063	220	133	151	1,616
. Reclassifications	-	-	667	-	3	(670)	-
. Divestments	-	-	(1,175)	(155)	(166)	(319)	(1,815)
. Depreciation related to disposals	-	-	1,175	154	161	-	1,490
. Depreciation of the year	-	(626)	(2,174)	(339)	(129)	-	(3,268)
Total changes	-	(577)	(444)	(120)	2	(837)	(1,976)
Net carrying amount as of 31/12/2013	7,836	5,598	5,984	571	343	183	20,514

€/000	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Fixed assets under construction and advances	Total
Net carrying amount as of 31/12/2013	7,836	5,598	5,984	571	343	183	20,514
Changes during the period							
. Investments	-	16	414	406	131	170	1,137
. Reclassifications	-	-	49	-	-	(49)	-
. Divestments	-	-	(723)	(24)	(290)	(27)	(1,064)
. Depreciation related to disposals	-	-	620	17	286	-	923
. Depreciation of the year	-	(616)	(2,132)	(335)	(144)	-	(3,227)
Total changes	-	(600)	(1,772)	64	(17)	94	(2,231)
Net carrying amount as of 31/12/2014	7,836	4,998	4,212	635	326	277	18,283

Depreciation was calculated on the basis of rates that were deemed representative of the estimated useful life of the relevant tangible fixed assets. The rates applied on an annual basis are included in the following ranges:

Buildings	3.0% - 10.0%
Plant and equipment	7.5% - 17.5%
Industrial and commercial equipment	25.0% - 40.0%
Other assets	12.0% - 25.0%

3. NON-CURRENT FINANCIAL ASSETS AND RECEIVABLES AND EQUITY INVESTMENTS

€/000	31/12/2014	31/12/2013
- Non-current financial assets and receivables	15,134	17,669
- Equity investments	75,881	75,290
Total	91,015	92,959

Receivables due from subsidiaries

€/000	31/12/2014	31/12/2013
- DMG GmbH	1,925	2,851
- FD Sims Ltd	6,647	6,606
- IRCE S.L	1,038	626
- IRCE Ltda	3,629	5,752
- ISODRA GmbH	1,895	1,834
Total	15,134	17,669

The receivables reported above refer to intra-group interest bearing loans.

Equity investments in subsidiaries

The list of equity investments included in Attachment 2 forms part of these Explanatory Notes.

The higher carrying amount of the equity investments in FD Sims Ltd and IRCE Ltda compared to the shareholders' equity of these companies was tested for impairment. This test was carried out projecting the cash flows estimated in the most recent business plan, which Management approved separately and prior to these financial statements. These business plans were drafted over a period of five years and reflect past experience while excluding any flows deriving from restructuring, optimisation or improvements of operations. The terminal value of the Cash Generating Unit (CGU) was estimated on the basis of a cash flow (equal to the cash flow of the last period) discounted at growth rates (g) equal to 0.0% for FD Sims Ltd and 8.0% for IRCE Ltda over an infinite period of time.

The nominal WACC, net of the tax effect, used in the test was equal to 7.4% for FD Sims Ltd and 13.5% for IRCE Ltda; the risk premium inherent in the cost of equity was equal to 7.4% and is common among companies in the sector, while the borrowing rate used is the average rate paid by the Company to obtain interest-bearing funds. The test did not indicate the need to make adjustments to the reported amount. The rates used were determined by taking into account the market rates on the basis of the current economic situation. In addition, and with reference to the reported amounts of the equity investments, the sensitivity analyses carried out did not indicate a risk profile requiring a write-down.

A sensitivity analysis is shown below, comparing the carrying amount of the CGU's invested capital with the corresponding Equity Value calculated on the basis of a discount rate (WACC) and a growth rate (g) half a percentage point below or above the parameters used.

FD Sims Ltd, parameters used WACC 7.4%; (g) 0.0%.

"g"=0.0%	WACC		
€/000	6.9%	7.4%	7.9%
Equity value	27,102	24,867	22,917
Carrying amount of equity investment	9,319	9,319	9,319
Difference between equity value and carrying amount	17,783	15,548	13,598

"g"=0.5%	WACC		
€/000	6.9%	7.4%	7.9%
Equity value	29,167	26,624	24,426
Carrying amount of equity investment	9,319	9,319	9,319
Difference between equity value and carrying amount	19,848	17,305	15,107

As the above tables show, the CGU is not exposed to any risk that would require a write-down.

IRCE Ltda, parameters used WACC 13.5%; (g) 8.0%.

(g)=8.0%	WACC		
€/000	13.0%	13.5%	14.0%
Equity value	67,840	61,449	56,125
Carrying amount of equity investment	56,966	56,966	56,966
Difference between equity value and carrying amount	10,874	4,483	(841)

(g)=7.5%	WACC		
€/000	13.0%	13.5%	14.0%
Equity value	62,378	56,968	52,391
Carrying amount of equity investment	56,966	56,966	56,966
Difference between equity value and carrying amount	5,413	2	(4,575)

(g)=8.5%	WACC		
€/000	13.0%	13.5%	14.0%
Equity value	74,515	66,827	60,538
Carrying amount of equity investment	56,966	56,966	56,966
Difference between equity value and carrying amount	17,549	9,861	3,572

As the above tables show, some scenarios include the possibility of impairment losses; considering that the negative difference of the value in use is entirely attributable to the negative impact of the Euro/Real exchange rate at the year-end, the Directors do not see risk profiles requiring to recognise impairment losses on the equity investment.

4. NON-CURRENT TAX RECEIVABLES

This item, equal to €/000 812, refers to the tax credit related to the 2007-2011 IRES (corporate income tax) reimbursement claim, in compliance with Article 2, paragraph 1-quater, of Italian Law Decree No. 201/2011. Lacking precise information from the taxation authorities concerning the reimbursement date, the asset has been classified as non-current.

5. DEFERRED TAX ASSETS

The item "deferred tax assets" is the net amount of deferred tax assets less deferred tax liabilities, as shown below:

€/000	31/12/2014	31/12/2013
- Deferred tax assets	1,893	2,195
- Deferred tax liabilities	(746)	(745)
Total	1,147	1,450

The Company recognised deferred tax assets for the following items:

€/000	31/12/2014	31/12/2013
- Amort./depr. with deferred deductibility	2	6
- Allocations to Provisions for risks and charges	331	264
- Allocations to the taxed Bad debt provision	663	1,103
- Provision for inventory obsolescence	865	782
- Other	32	32
- Cash flow hedge reserve	-	8
Total	1,893	2,195

The table below shows the changes in deferred tax assets during 2014 and 2013:

	Taxed provisions	Depreciation	Other	Total
balance 01.01.2013	2.050	15	69	2.135
income statement effect	99	(9)	(10)	80
shareholders' equity effect			(19)	(19)
balance 31.12.2013	2.149	6	40	2.195
income statement effect	(292)	(2)		(294)
shareholders' equity effect			(8)	(8)
balance 31.12.2014	1.857	4	32	1.893

The effects on shareholders' equity refer to changes in the cash flow hedge reserve and in the actuarial reserve as per IAS 19.
Deferred tax assets were recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts and to the extent that it is probable that taxable profit will be available against which these differences can be utilised. In calculating taxes, the Company used a 27.5% rate for IRES (corporate income tax) and a 3.9% rate for IRAP (regional tax on productive activities).

Deferred tax liabilities are broken down as follows:

€/000	31/12/2014	31/12/2013
. Amortisation/depreciation	92	103
- Foreign exchange gains	81	17
- IAS capital gains on buildings	108	108
- IAS capital gains on land	465	465
- Effect of application of IAS 19	-	52
Total	746	745

In calculating deferred taxes, the Company used a 27.5% rate for IRES and a 3.9% rate for IRAP.

The table below shows the changes in deferred tax liabilities during 2014 and 2013:

	Depreciation	IAS capital gain on land and building	Profit on exchange	IAS 19 effect	Total
balance 01.01.2013	113	573	3	-	689
income statement effect	(10)		14		4
shareholders' equity effect				52	52
balance 31.12.2013	103	573	17	52	745
income statement effect	(11)		64		53
shareholders' equity effect				(52)	
balance 31.12.2014	92	573	81	-	746

6. INVENTORIES

Inventories are broken down as follows:

€/000	31/12/2014	31/12/2013
- Raw materials, ancillary and consumables	26,057	15,969
- Work in progress and semi-finished goods	8,434	7,377
- Finished products and goods	37,715	34,492
- Provision for write-down of raw materials	(2,006)	(2,006)
- Provision for write-down of finished products	(1,137)	(836)
Total	69,063	54,996

Recognised inventories are not pledged nor used as collateral.

The provision for write-downs correspond to the amount that is deemed necessary to hedge existing inventory obsolescence risks as of 31/12/2014, calculated by writing down slow moving packages and finished products.

Inventories were also written down by €/000 823 to their estimated realisable value due to copper sale commitments outstanding at the reporting date, which were lower than the average weighted cost measured as of 31/12/2014.

The table below shows the changes in the provision for write-down of inventories during 2014:

€/000	31/12/2013	Allocations	Uses	31/12/2014
Provision for write-down of raw materials	2,006	-	-	2,006
Provision for write-down of finished products and goods	836	301	-	1,137
Total	2,842	301	-	3,143

7. TRADE RECEIVABLES

€/000	31/12/2014	31/12/2013
- Customers/bills receivable	50,196	51,580
- Bad debt provision	(2,723)	(4,314)
Total	47,473	47,266

The balance of receivables due from customers is entirely composed of receivables due within the next 12 months.
The slight decrease in gross trade receivables compared to the previous year was primarily due to the decrease in volumes.
The table below shows the changes in the bad debt provision during 2013 and 2012:

€/000	31/12/2012	Allocations	Uses	31/12/2013
Bad debt provision	4,085	964	(735)	4,314

€/000	31/12/2013	Allocations	Uses	31/12/2014
Bad debt provision	4,314	648	(2,239)	2,723

8. RECEIVABLES DUE FROM SUBSIDIARIES

The balance of trade receivables due from subsidiaries was broken down as follows:

€/000	31/12/2014	31/12/2013
- FD Sims LTD	1,437	2,243
- Isolveco SRL	1,062	1,374
- Isomet AG	695	921
- IRCE S.L	2,165	2,020
- DMG	105	1
- ISODRA GmbH	744	471
- IRCE LTDA	430	1,771
- Stable Magnet Wire P.Ltd.	1,069	843
Total	7,707	9,644

9. CURRENT TAX RECEIVABLES

This item, amounting to €/000 431, refers for €/000 383 to VAT credits and for €/000 48 to tax payments on account exceeding the 2014 tax bill.

10. RECEIVABLES DUE FROM OTHERS

The item was broken down as follows:

€/000	31/12/2014	31/12/2013
- Advances to suppliers	-	5
- Accrued income and prepaid expenses	121	103
- Other receivables	963	378
Total	1,084	486

"Other receivables" mainly refers to a bonus to be received for electricity consumption in 2014. The increase is largely due to the higher bonus for electricity consumption, which in 2014 was calculated over the full year, as opposed to only 7 months in 2013, as well as an insurance reimbursement.

11. CURRENT FINANCIAL ASSETS

€/000	31/12/2014	31/12/2013
- Mark to Market copper forward transactions	726	-
- Mark to Market USD forward transactions	290	-
- Fixed deposit for LME transactions	170	619
Total	1,186	619

The item "Mark to Market copper forward transactions" refers to the Mark to Market (fair value) measurement of copper forward sales contracts outstanding as of 31/12/2014.
The item "Mark to Market USD forward transactions" refers to the Mark to Market (fair value) measurement of USD forward purchase contracts outstanding as of 31/12/2014.
The item "Fixed deposit for LME transactions" refers to margin calls deposited with brokers for copper forward transactions on the LME (London Metal Exchange).

12. CASH AND CASH EQUIVALENTS

This item includes bank deposits, cash and cash equivalents.

€/000	31/12/2014	31/12/2013
- Bank and postal deposits	856	948
- Cash and cash equivalents	11	10
Total	867	958

Short-term bank deposits are remunerated at floating rates. Bank and postal deposits outstanding as of 31 December 2014 are not subject to constraints or restrictions.

13. SHAREHOLDERS' EQUITY

Share capital

The share capital is composed of 28,128,000 ordinary shares worth € 14,626,560 without par value.
The shares are fully subscribed and paid up and bear no rights, privileges or restrictions as far as dividend distribution and capital distribution, if any, are concerned.
In the year 2014, a dividend of €/000 262 (0.01 per share) was distributed.

Here below is the breakdown of reserves:

€/000	31/12/2014	31/12/2013
- Own shares (share capital)	(999)	(996)
- Share premium reserve	40,539	40,539
- Own shares (share premium)	(412)	(406)
- Other reserves	43,087	43,087
- Legal reserve	2,925	2,925
- Extraordinary reserve	31,212	30,619
- Cash flow hedge reserve	-	(23)
- IAS 19 reserve	(532)	(389)
- Undistributed profits	6,462	6,462
TOTAL	122,282	121,818

Own Shares

This reserve refers to the par value and share premium of own shares held by the Company; they are recognised as a deduction from shareholders' equity.
Own shares as of 31 December 2014 amounted to 1,920,324 and corresponded to 6.83% of the share capital.
The number of shares outstanding at the beginning and at the end of the last two years is shown below:

Thousands of shares	
Balance as of 01/01/2013	**26,213**
Share buyback	-
Balance as of 31/12/2013	**26,213**
Share buyback	(5)
Balance as of 31/12/2014	**26,208**

Share premium reserve

This item refers to the higher issue value compared to the par value of IRCE shares issued at the time of the share capital increase when the company was first listed on the stock exchange in 1996.

Other reserves

Other reserves refer to the following:
- Merger surplus reserve (due to cancellation) which arose in the year 2001 following the merger of IRCE Cavi S.p.A. and Isolcable S.r.l. into IRCE S.p.A, amounting to €/000 6,621.
- Reserve of profits to be re-invested in Southern Italy totalling €/000 201.
- FTA reserve which represents the offsetting item for all adjustments made to the financial statements in order to comply with IAS/IFRS as of 1 January 2004 (transition year) amounting to €/000 13,935.
- Revaluation reserve, as per Italian law 266/1995, amounting to €/000 22,328.

Extraordinary reserve

The extraordinary reserve consists mainly of retained earnings.

Cash flow hedge reserve

This reserve includes the effect of the Mark to Market measurement of derivative hedging contracts outstanding as of 31 December 2014, in accordance with the "cash flow hedging" criterion. It is composed of unrealised gains and losses (net of taxes) arising from the measurement of a financial instrument designated as a cash flow hedge.
The change in the reserve was as follows:

balance 01.01.2013	(74)
Fair value evaluation	72
Income tax	(20)
balance 31.12.2013	(22)
Closing fair value	30
Income tax	(8)
balance 31.12.2014	0

IAS 19 reserve

This reserve includes actuarial gains and losses accumulated as a result of the application of IAS 19 Revised.
The change in the reserve was as follows:

balance 01.01.2013	(525)
IAS 19 evaluation	189
Income tax	(52)
balance 31.12.2013	(388)
IAS 19 evaluation	(198)
Income tax	52
balance 31.12.2014	(532)

Profit for the year

The profit for the year amounted to €/000 1,035 (€/000 857 as of 31 December 2013).

14. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges were broken down as follows:

€/000	31/12/2013	Allocations	Uses	31/12/2014
Provisions for risks and disputes	1,013	479	(111)	1,381
Provision for severance payments to agents	290	-	(3)	287
Provision for the coverage of losses of IRCE SL	2,385	383	-	2,768
Provision for the coverage of losses of Isodra GmbH	1,695	344	-	2,039
Total	5,383	1,206	(114)	6,475

Provisions for risks and disputes refer primarily to provisions for various disputes, including the estimate of a liability arising from an official tax audit notice IRCE S.p.A. received from the Italian Internal Revenue Service (Agenzia delle Entrate) in March 2011.
Provision for severance payments to agents refers to allocations made for severance payments relating to outstanding agency contracts.

15. PROVISIONS FOR EMPLOYEE DEFINED BENEFITS

The table below shows the changes in the Provision for employee defined benefits.

€/000	31/12/2014	31/12/2013
Employee benefits' provision as of 01/01	4,906	5,149
Financial charges	128	130
Actuarial (gains)/losses	198	(189)
Payments	(428)	(184)
Employee benefits' provision as of 31/12	4,804	4,906

The Employee benefits' provision is part of the defined benefit plans.

In order to determine the relevant liability, the Company used to Projected Unit Credit Cost method, which consists in the following:

- it projected the potential future benefits payable to each employee enrolled in the plan in the case of retirement, death, disability, resignation, etc. based on a series of financial assumptions (increase in the cost of living, salary increases, etc.). The estimate of future benefits shall include any increases corresponding to the additional service rendered as well as the estimated growth in the remuneration received as of the measurement date;
- it calculated the average present value of future benefits as of the measurement date based on the adopted annual interest rate and the probability that each benefit will be actually paid;
- it determined the liability by identifying the share of the average present value of future benefits that refers to the service already rendered by the employee to the company as of the measurement date.

Here below are the demographic assumptions used by the actuary in measuring the employee benefits' provision:

- probability of death: those determined by the State General Accounting Department, named RG48 and based on gender;
- probability of disability: those adopted by the INPS model and based on gender;
- retirement: a probability of 100% was assumed upon meeting the eligibility requirements for the general compulsory insurance (AGO, Assicurazione Generale Obbligatoria);

- probability of leaving employment for causes other than death: an annual frequency of 3% was assumed;
- probability of advance payment of employee termination indemnities: an annual frequency of 3% was assumed.

In addition, the following economic-financial assumptions were made

	31/12/2014	31/12/2013
Annual discount rate	1.86%	2.77%
Annual inflation rate	0.60% for 2015 1.20% for 2016 1.50% for 2017 and 2018 2% from 2019 onwards	2.00%
Annual rate of increase of employee termination indemnities	1.950% for 2015 2.4% for 2016 2.625% for 2017 and 2018 3% from 2019 onwards	3.00%

The IBOXX Eurozone Corporate A index with a 10+ year duration as of the measurement date was used as a benchmark for the 2014 discount rate.

In addition, for comparative purposes, as of 31/12/2014 the DBO, calculated based on the annual discount rate derived from the Iboxx Corporate AA index with a 10+ year duration—1.49% as of the measurement date—was Euro 4,975,329.65.

Here below are the disclosures required by the new IAS 19.

Sensitivity analysis of IRCE S.p.A.'s main measurement parameters:

€/000	DBO change as of 31/12/2014
Inflation rate + 0.25%	4,875
Inflation rate – 0.25%	4,735
Discount rate + 0.25%	4,695
Discount rate – 0.25%	4,919
Turnover rate + 1%	4,785
Turnover rate -1%	4,827

2015 service cost: 0.00
Duration of the plan: 10.0

16. CURRENT FINANCIAL LIABILITIES

Financial liabilities are broken down as follows:

€/000	31/12/2014	31/12/2013
- Payables due to banks	50,931	62,563
- Payables due for derivative contracts	-	488
Total	50,931	63,051

With regard to financial liabilities, the **net financial position** of the Company, excluding intra-group financial receivables, calculated in accordance with the provisions of Consob Communication 6064293 dated 28 July 2006 and CESR recommendation dated 10 February 2005, was as follows:

€/000	31/12/2014	31/12/2013
Cash	867	958
Other current financial assets	460*	619
Liquid assets	1,327	1,577
Current financial liabilities	(50,931)	(62.603)*
Net current financial debt	**(49,604)**	**(61,026)**
Non-current financial liabilities	-	-
Non-current financial debt	**-**	**-**
Net financial debt	**(49,604)**	**(61,026)**

***** These items differ from the corresponding items of the statement of financial position, since the fair value measurement of copper forward contracts is not included.

17. TRADE PAYABLES

Trade payables are all due in the next 12 months.
As of 31/12/2014, they totalled €/000 30,268, compared to €/000 12,802 as of 31/12/2013. The sensible increase in trade payables as of 31/12/2014 was largely related to the rise in inventories at the end of 2014.

18. PAYABLES DUE TO SUBSIDIARIES

Trade payables due to subsidiaries were broken down as follows:

€/000	31/12/2014	31/12/2013
- DMG GmbH	109	118
- FD Sims Ltd	73	137
- Isolveco S.r.l.	41	115
- IRCE SL	15	4
- ISODRA GmbH	1	23
- IRCE Ltda	1,241	140
- IRCE Kablo Ve Tel Ltd	16	
- Smit Draad Nijmegen BV	17	6
Total	1,513	543

19. TAX PAYABLES

This item, equal to €/000 1,420, included €/000 571 in payables due for income taxes, €/000 465 in employee Irpef (personal income tax) payables, €/000 289 in VAT payables, and €/000 94 in other payables due to taxation authorities.

20. SOCIAL SECURITY CONTRIBUTIONS

This item, equal to €/000 1,868, primarily refers to the contributions payable to INPS.

21. OTHER CURRENT LIABILITIES

Other payables were broken down as follows:

€/000	31/12/2014	31/12/2013
- Payables due to employees	2,527	2,183
- Deposits received from customers	1,555	1,553
- Accrued liabilities and deferred income	44	103
- Other payables	28	63
Total	4,154	3,902

COMMENT ON THE MAIN ITEMS OF THE SEPARATE INCOME STATEMENT

22. REVENUES

These refer to revenues from the sale of goods, net of returns, rebates and the return of packages. In 2013, turnover amounted to €/000 220,448, down 6% compared to the previous year (€/000 234,284).
For additional details, refer to the previous paragraph on segment reporting.

23. OTHER REVENUES AND INCOME

Other revenues and income were broken down as follows:

€/000	31/12/2014	31/12/2013
- Capital gains on disposals of assets	12	21
- Increases in internally generated fixed assets	145	256
- Insurance reimbursements	203	241
- Other revenues	316	460
Total	676	978

24. COSTS FOR RAW MATERIALS AND CONSUMABLES

This item, equal to €/000 177,036, includes costs incurred for the acquisition of raw materials, of which the most significant are those represented by copper, insulating materials and materials for packaging and maintenance, net of the change in inventories.

25. COSTS FOR SERVICES

These include costs incurred for the supply of services pertaining to copper processing as well as utilities, transportation, commercial and administrative services, and the costs for the use of third-party goods, as detailed below:

€/000	31/12/2014	31/12/2013	Change
- External processing	5,576	5,643	(67)
- Utility expenses	10,074	11,056	(982)
- Maintenance	873	554	319
- Transportation expenses	3,128	2,846	282
- Payable fees	1,159	1,127	32
- Compensation of Statutory Auditors	88	87	1
- Other services	2,734	2,746	(12)
Total	23,632	24,059	(427)

The decline in the costs for services was largely attributable to the Group's policy to cut costs as well as lower utility expenses thanks to the preferential tariffs for energy-intensive Italian manufacturing companies (Italian Legislative Decree 83/2012) enacted in July 2013.

The item "other services" includes primarily technical, legal and tax consulting fees as well as insurance and business expenses.

26. PERSONNEL COSTS

Here below is the breakdown of personnel cost:

€/000	31/12/2014	31/12/2013	change
- Salaries and wages	11,102	10,510	592
- Social security charges	3,616	3,401	215
- Retirement costs for defined contribution plans	834	784	50
- Other costs	1,893	1,769	124
Total	17,445	16,463	982

The item "Other costs" includes costs for temporary work, contract work, and the remuneration of Directors.

The Company's average number of personnel for the year and the current number at year-end is shown below:

Personnel	2014 Average	31/12/2014	31/12/2013
- Executives	10	9	10
- White collars	109	108	111
- Blue collars	325	319	326
Total	444	436	447

The average number of employees is calculated according to the Full-Time-Equivalent method and includes both internal and external (temporary and contract) staff.

The total number of employees as of 31 December 2014 was 436 people.

The increase in personnel cost was mainly attributable to the renewal of the collective bargaining agreement, the lower use of Italy's government-funded temporary layoff scheme, and costs for early retirement incentives.

27. AMORTISATION/DEPRECIATION

Here is the breakdown of amortisation/depreciation:

€/000	31/12/2014	31/12/2013	change
- Amortisation of intangible fixed assets	103	123	(20)
- Depreciation of tangible fixed assets	3,227	3,268	(41)
Total amortisation/depreciation	3,330	3,391	(61)

28. PROVISIONS AND WRITE-DOWNS

Provisions and write-downs were broken down as follows:

€/000	31/12/2014	31/12/2013	change
- Write-downs of receivables	648	964	(316)
- Provisions for risks	309	172	137
Total provisions and write-downs	957	1,136	(179)

The item "Provisions for risks" refers to a provision used to hedge the risk of returns of packages already invoiced.

29. OTHER OPERATING COSTS

Other operating costs were broken down as follows:

€/000	31/12/2014	31/12/2013	change
- Non-income taxes and duties	361	354	7
- Capital losses and contingent liabilities	179	276	(97)
Total	540	630	(90)

30. WRITE-DOWN OF EQUITY INVESTMENTS

€/000	31/12/2014	31/12/2013	change
- IRCE SL	383	395	(12)
ISODRA GmbH	344	630	(286)
- IRCE Kablo Ve Tel Ltd	364	-	364
- Stable Magnet Wire P.Ltd.	1,209	-	1,209
Total	2,300	1,025	1,275

The Company wrote down equity investments in order to re-align their amounts with the corresponding share of shareholders' equity of the investees following impairment losses.

31. FINANCIAL INCOME AND CHARGES

Financial income and charges were broken down as follows:

€/000	31/12/2014	31/12/2013	change
- Other financial income	3,372	1,643	1,729
- Income from subsidiaries	108	216	(108)
- Interest and other financial charges	(1,204)	(2,466)	1,262
- Foreign exchange gains/(losses)	780	(258)	1,038
Total	3,056	(865)	3,921

- Other financial income

€/000	31/12/2014	31/12/2013	change
- Interest income from banks	1	3	(2)
- Interest income on receivables due from customers	25	61	(36)
- Interest income from banks	151	178	(27)
- Income from LME derivatives	3,195	1,401	1,794
Total	3,372	1,643	1,729

The item "Income from LME derivatives" included €/000 2,469 from the closing of copper forward sales contracts during the period, and €/000 726 from the "Mark to Market" (Fair Value) measurement of copper forward sales contracts outstanding as of 31/12/2014.

- Interest and other financial charges

€/000	31/12/2014	31/12/2013	change
- Interest expense for short-term payables	820	1,560	(740)
- Interest expense for medium to long-term payables	41	94	(53)
- Sundry interest expense	288	313	(25)
- Bank fees and expenses	55	51	4
- Charges on LME derivatives	-	448	(448)
Total	1,204	2,466	(1,262)

The item "Sundry interest expense" referred primarily to the charges related to the non-recourse factoring of trade receivables, and included also the interest cost deriving from the discounting of the Employee Termination Indemnity pursuant to IAS 19.

32. INCOME TAXES

€/000	31/12/2014	31/12/2013	changes
- Current taxes	(1,630)	(1,379)	(251)
- Deferred tax assets/(liabilities)	(349)	77	(426)
Total	(1,979)	(1,302)	(677)

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate is shown below:

	2014	2013
Result before taxes	**3.014**	**2.160**
Tax calculated at the applicable rate	829	594
Tax effect of non-deductible expenses	581	110
IRAP	569	598
Other		-
Current taxes relating to prior years		-
Total	**1.979**	**1.302**

The theoretical rate used to calculate income tax was 27.5%.

33. RELATED PARTY DISCLOSURES

The Company engages in commercial and financial transactions with Group companies, as reported below:

Company €/000	Revenues	Financial Income	Costs for raw material	Costs for services	Financial receivables	Trade receivables	Trade payables
FD Sims Ltd	1.674	29	1.219	5	6.647	1.437	73
Smit Draad Nijmegen BV	2		39				17
Isomet AG	5.125					695	
IRCE Ltda	573	40	1.318		3.629	430	1.241
Isolveco Srl	2.541			125		1.062	41
DMG Gmbh	32	11		514	1.925	105	109
IRCE SL	91	15		143	1.038	2.165	16
Stable Magnet Wire P.Ltd	743					1.069	
ISODRA Gmbh	263	13	134		1.895	744	1
Irce Kablo Ve Tel Ltd			15				16
	11.044	108	2.726	783	15.134	7.707	1.513

In compliance with the requirements of IAS 24, the annual compensation received by the members of the Board of Directors is shown below:

€/000	Compensation for office held	Compensation for other tasks	Total
Directors	221	323	544

This table shows the compensation paid for any reason and in any form, excluding social security contributions.
Following the introduction of Article 123-ter of the Consolidated Financial Act, further details on these amounts are provided in the Remuneration Report, which will be made available within the terms of the law at the registered office of the Company, as well as on the website www.irce.it.

34. MANAGEMENT OF TRADE RECEIVABLES

Here below is the breakdown of receivables by internal rating.
The reclassification of receivables already takes into account any positions subject to renegotiation.

Risk level	Exposure, €/000
Minimum	4,726
Medium	32,846
Greater than average	8,217
High	4,406
Total	50,196

As of 31 December 2014, the breakdown of trade receivables by due date was as follows:

Due date	Amount, €/000
Not yet due	43,047
< 30 days	1,693
31-60	214
61-90	121
91-120	275
> 120	4,845
Total	50,196

35. CAPITAL RISK MANAGEMENT

The primary objective in managing the Group's capital is to maintain a solid credit rating and adequate capital ratios in order to support operations and maximise shareholder value.

€/000	31/12/2014	31/12/2013
Net financial indebtedness (A)	49,604	61,026
Shareholders' equity (B)	137,944	137,302
Total capital (A) + (B) = (C)	187,548	198,328
Gearing ratio (A) / (C)	26.4%	31%

36. FINANCIAL INSTRUMENTS

Here below is a comparison between the carrying amount and fair value of all the Group's financial instruments broken down by category:

€/000	Carrying amount		Fair value	
	2014	2013	2014	2013
Financial assets				
Cash and cash equivalents	867	958	867	958
Other financial assets	1,186	619	1,186	619
Financial liabilities				
Current loans	50,931	62,563	50,931	62,563
Non-current loans	-	-	-	-
Other financial liabilities	-	488	-	488

37. DISCLOSURE PURSUANT TO ARTICLE 149-DUODECIES OF CONSOB ISSUERS' REGULATIONS

The following statement, drafted in accordance with Article 149-duodecies of the Consob Issuers' Regulations, shows the compensation relative to the year 2014 for auditing services and for other services supplied by the independent auditor or by entities belonging to its network to IRCE S.p.A.

€/000	Entity supplying the service	Compensation relative to the year 2014
Annual statutory audit	PricewaterhouseCoopers S.p.A.	77

38. EVENTS FOLLOWING THE REPORTING PERIOD

No significant events occurred between 01/01/2015 and the date or preparation of these financial statements.

Imola, 13 March 2015

On behalf of the Board of Directors

The Chairman

Mr Filippo Casadio

Attachment 1

Certification of the annual separate financial statements of IRCE S.p.A. pursuant to Article 154-bis, paragraph 5, of Italian Legislative Decree No. 58 of 24 February 1998:

We, the undersigned, Mr Filippo Casadio, Chairman, and Ms Elena Casadio, Manager responsible for preparing the corporate accounting documents of IRCE S.p.A., hereby certify, taking into account the provisions of Article 154-bis, paragraph 5, of Italian Legislative Decree No. 58 of 24 February 1998:

- the adequacy in relation to the company's characteristics, and
- the effective application

of the administrative and accounting procedures used to prepare the separate financial statements.

In addition, we hereby certify that the annual separate financial statements:

d) are consistent with accounting books and records;
e) are prepared in compliance with international accounting standards and give a true and fair view of the financial position, financial performance and cash flows of the Company;
f) that the Report on Operations contains a reliable analysis of the information pursuant to paragraph 4, Article 154-ter of Italian Legislative Decree No. 58 of 24 February 1998.

Imola, 13 March 2015

Filippo Casadio
Chairman

Elena Casadio
Manager responsible for preparing the corporate accounting documents

Attachment 2

List of equity investments in direct subsidiaries

The amounts referring to foreign investees have been translated into Euros using historical exchange rates. Solely for reporting purposes, in the following table, the provision for write-down of equity investments – included in the provision for the coverage of the subsidiaries' losses – was recognised as a deduction from the carrying amount of the equity investments for which it was set aside.

Company	Quota	Share Capital	Shareholders' equity	Quota of Shareholders equity	Result for the year	Quota of Result for the year	Book value	Difference
FD Sims Ltd	100%	18.173.127	8.664.719	8.664.719	250.682	250.682	9.319.086	(654.366)
Smit Draad Nijmegen BV	100%	1.165.761	15.500.448	15.500.448	(806.148)	(806.148)	7.273.000	8.227.448
Isomet AG	100%	674.354	5.093.588	5.093.588	62.905	62.905	1.434.650	3.658.937
IRCE Ltda	100%	57.309.209	41.366.775	41.366.775	2.566.335	2.566.335	56.965.925	(15.599.150)
Isolveco Srl	75%	46.440	1.058.958	794.219	(6.379)	(4.784)	194.704	599.514
DMG Gmbh	100%	255.646	1.728.080	1.728.080	243.208	243.208	119.526	1.608.554
IRCE SL	100%	150.000	(2.767.513)	(2.767.513)	(382.656)	(382.656)	(2.767.512)	0
Stable Magnet Wire P.Ltd	100%	2.601.531	188.439	188.439	(691.039)	(691.039)	188.439	0
ISODRA Gmbh	100%	25.000	(2.038.601)	(2.038.601)	(343.971)	(343.971)	(2.038.601)	-
Irce Kablo Ve Tel Ltd	100%	749.181	385.600	385.600	(80.264)	(80.264)	385.599	0
							71.074.817	

pwc

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE NO. 39 DATED 27 JANUARY 2010

To the Shareholders of IRCE SpA

1 We have audited the consolidated financial statements of IRCE SpA and its subsidiaries (hereinafter also the "IRCE Group") as of 31 December 2014, which comprise balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes. The Directors of IRCE SpA are responsible for the preparation of these consolidated financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB (the Italian Commission for listed companies and the Stock Exchange). Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 31 March 2014.

3 In our opinion, the consolidated financial statements of IRCE Group as of 31 December 2014 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, results of operations and cash flows of IRCE Group for the period then ended.

4 The Directors of IRCE SpA are responsible for the preparation of a report on operations and a report on corporate governance and ownership structure published in section "Investor Relations - Corporate governance" of the website of IRCE SpA in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on

operations and of the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of article 123-bis of Legislative Decree no. 58/98 presented in the report on corporate governance and ownership structure, with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard no. 001 issued by the Italian Accounting Profession (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*) and recommended by CONSOB. In our opinion, the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of article 123-bis of Legislative Decree no. 58/98 presented in the report on corporate governance and ownership structure are consistent with the consolidated financial statements of IRCE SpA as of 31 December 2014.

Bologna, 27 March 2015

PricewaterhouseCoopers SpA

signed by

Gianni Bendandi
(Partner)

"This report has been translated into the English language from the original, which was issued in Italian language, solely for the convenience of international readers."

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE NO. 39 DATED 27 JANUARY 2010

To the Shareholders of IRCE SpA

1 We have audited the separate financial statements of IRCE SpA (hereinafter also the "Company") as of 31 December 2014, which comprise balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes. The Directors of IRCE SpA are responsible for the preparation of the separate financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no.38/2005. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB (the Italian Commission for listed companies and the Stock Exchange). Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the separate financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the separate financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 31 March 2014.

3 In our opinion, the separate financial statements of IRCE SpA as of 31 December 2014 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, results of operations and cash flows of the Company for the period then ended.

4 The Directors of IRCE SpA are responsible for the preparation of a report on operations and a report on corporate governance and ownership structure published in section "Investor Relations - Corporate governance" of the website of IRCE SpA in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph

2, letter b) of article 123-bis of Legislative Decree no. 58/98 presented in the report on corporate governance and ownership structure, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard no. 001 issued by the Italian Accounting Profession (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*) and recommended by CONSOB. In our opinion, the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of article 123-bis of Legislative Decree no. 58/98 presented in the report on corporate governance and ownership structure are consistent with the separate financial statements of IRCE SpA as of 31 December 2014.

Bologna, 27 March 2015

PricewaterhouseCoopers SpA

signed by

Gianni Bendandi
(Partner)

"This report has been translated into the English language from the original, which was issued in Italian language, solely for the convenience of international readers."

Irce S.p.A.

Registered office Imola (Bologna) Via Lasie No. 12/B

Share Capital € 14,626,560.00 fully paid-up

Bologna Companies' Register and Tax Code No. 82001030384 – Economic and Administrative Index (REA) No. 266734

Report of the Board of Statutory Auditors to the Shareholders' Meeting of IRCE S.p.A., pursuant to art. 153 of Italian Legislative Decree 58/98 and art. 2429 of the Italian Civil Code

Dear Shareholders,

The separate financial statements for the financial year ended 31 December 2014, which are submitted for the approval of the Shareholders' Meeting of this company, show a profit of € 1,034,876.00

First, please note that the current Board of Statutory Auditors was appointed by the Shareholders' Meeting on 28 April 2014.

The financial statements, which the Board of Directors submitted to the Board of Statutory Auditors within the terms of the law, have been prepared in accordance with IAS/IFRS (International Accounting Standards/International Financial Reporting Standards) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

The Directors' Report on Operations presents the principal risks and uncertainties and the outlook of the company.

The Company's Financial Statements include the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Cash Flow Statement, and the

Notes to the Financial Statements. The financial statements are supplemented with the Directors' Report on Operations

Pursuant to article 123-bis of the Consolidated Financial Act, the Company has prepared the annual Report on Corporate Governance and Shareholding Structure, which provides information on the following: (i) the corporate governance practices the Company actually applies in addition to the obligations set forth by the law and regulations in force, (ii) the main features of the existing risk and internal control management systems in relation to the financial reporting process, including consolidated reporting, (iii) the operation of the Shareholders' Meeting, its key powers, shareholders' rights, and the exercise of such rights, and (iv) the composition and operation of the management and control bodies and the relevant committees, as well as all other information set forth in article 123-bis of the Consolidated Financial Act;

During the financial year ended 31 December 2014, the Board of Statutory Auditors has carried out its supervisory activities in compliance with art. 149 of Italian Legislative Decree 58/98, in accordance with the code of ethics of the Board of Statutory Auditors in companies with shares listed in regulated markets drafted by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (Italian Board of Chartered Accountants and Accounting Consultants), as well as CONSOB recommendations concerning accounting audits and the activities of the Board of Statutory Auditors. In preparing this report, we have taken into consideration CONSOB communications No. 1025564 of 6 April 2001, No. 321582 of 4 April 2003, and No. 6031329 of 7 April 2006, which concern the content of the reports of the Board of Statutory Auditors to the shareholders' meetings of listed companies.

In particular, the Board has:

- supervised compliance with the Law and the Articles of Association as well as the principles of correct management. On the basis of the information obtained through its own supervisory activities, the Board of Statutory Auditors believes the company's operations conform to the principles of correct management, have been resolved upon and implemented in compliance with the law and the articles of association, and are in the interest of the company. Moreover, said operations do not appear to be manifestly imprudent, reckless or uninformed. They do not conflict with the resolutions passed by the shareholders' meeting, nor do they appear to compromise the integrity of the company's assets;

- attended meetings of shareholders and the Board of Directors and has obtained from the board members information on the operations and the transactions carried out by the company and its subsidiaries that were most significant to the financial performance, financial position and cash flows;
- supervised to ensure the adequacy of the administrative-accounting system, both on the basis of direct checks and through the periodic exchange of information with the company appointed to perform the statutory audit, from which the Board of Statutory Auditors has not received any reports of errors as defined in art. 155, paragraph 2 of Italian Legislative Decree 58/1998. The Board of Statutory Auditors believes that the administrative-accounting system is adequate for ensuring the company's operations are presented fairly in the individual and consolidated financial statements;
- obtained information from the Manager responsible for preparing the corporate accounting documents in accordance with the provisions of art. 154-bis of Italian Legislative Decree 58/1998. Said Manager has not reported any particular or significant deficiencies in the operating and control processes such as to question the adequacy and actual application of administrative-accounting procedures for the purpose of presenting fairly the company's financial performance, financial

position and cash flows in compliance with international accounting standards;

- liaised with members of the Control and Risks Committee established within the Board of Directors, attending the relevant meetings and receiving information from the internal control manager. As appears from the Report on Company Governance and the Shareholding Structure, in compliance with the provisions of the Corporate Governance Code, the Board of Directors assumed responsibility for the Company's internal control. A member of the Board of Statutory Auditors attended the meetings of the Control and Risks Committee;
- gathered information about the activities carried out by the internal control manager during 2014, specifically concerning the control of procedures agreed with the company appointed to carry out the statutory audit.

  The Board of Statutory Auditors took note of the suggestions received from the Control and Risks Committee to improve the efficiency of the internal control system, considering this a priority.

  The company appointed to carry out the statutory audit, in its periodic exchange of information with the Board of Statutory Auditors, has not reported any critical situations with reference to the internal control system, although it stressed the need for improvements;
- supervised - since the Board of Statutory Auditors is not required to carry out an analytical control of the substance of the financial statements' contents - the overall presentation of the financial statements drafted in accordance with IAS/IFRS, as well as compliance with the law concerning their preparation and presentation, and has no remarks to make;
- during the year, it obtained information on the operations of the Supervisory Body as per the organisational, management and control model (Italian Legislative Decree 231/01), concerning specifically the

critical problems reported also in the Supervisory Body's annual report, issued on 3 March 2015.

- verified that the directors' report on operations for the financial year 2014 complies with applicable laws and regulations, consistently with the resolutions passed by the Board of Directors and the representations in the financial statements. The Board of Statutory Auditors had no remarks to make on the consolidated half-yearly report. The half-yearly and quarterly reports have been published according to applicable laws and regulations.

The Board of Statutory Auditors has noted that at the meeting of 13 March 2015, the Board of Directors, as recommended in a document dated 3 March 2010, issued jointly by the Bank of Italy/Consob/ISVAP, has certified, independently and prior to approving the financial statements, the compliance of impairment testing with IAS 36.

Specifically, the Company tested for impairment the amounts reported by the investees FD Sims LTD and Irce Ltda as well as the goodwill reported in the group's financial statements referring to the investment in Smit Draad Nijmegen BV.

The Notes to the Financial Statements include information on, and the results of, our assessment.

During our supervisory activity, as described above, we found no significant issues to be mentioned in this report.

The statutory audit was performed by the independent auditors "PricewaterhouseCoopers S.p.A.", with which the Board held periodic meetings to exchange information about the operations of the Company and its subsidiaries, also for the purposes of preparing this report by gathering information on the audit report as per articles 14 and 16 of Italian Legislative Decree 39/2010.

The Board of Statutory Auditors took note of the independent auditors' report dated 27 March 2015, issued pursuant to articles 14 and 16 of Italian

Legislative Decree 39/2010, acknowledging that, in the opinion of the independent auditors, the separate financial statements of the company and the consolidated financial statements of the group as of 31 December 2014 comply with the International Financial Reporting Standards as endorsed by the European Union and, therefore, are clear and give a true and fair view of the financial position, financial performance and cash flows for the financial year ended on said date. It is also the opinion of the Independent Auditors that the Report on Operations and the information as per paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of art. 123-bis of Italian Legislative Decree 58/1998 contained in the Report on Corporate Governance are consistent with the financial statements.

While auditing the separate and consolidated financial statements of Irce S.p.A., the independent auditors did not find any actions or events to be reported to the Board of Statutory Auditors.

Within the scope of its responsibility, pursuant to art. 153 of the above-mentioned Italian Legislative Decree 58/98 and in accordance with Consob's resolution DEM 1025564 of 6/4/2001, the Board of Statutory Auditors also specifies that:

- it received from Board Members, during both board meetings and the meetings held on a regular basis, detailed and relevant information about the company's operations, and especially the transactions that were most significant to its financial performance, financial position and cash flows;
- the report on operations, the information supplied during the Board of Directors' Meeting, and that received by the company's management and the Independent Auditors did not reveal any atypical and/or unusual transactions, including intra-group or related party transactions;
- PricewaterhouseCoopers S.p.A. (and other companies included in its network) were not assigned any duties other than the statutory auditing;

- during the financial year, the Board of Statutory Auditors did not submit any opinions or proposals in accordance with the law;
- during the financial year, the following meetings were held:

  2 Shareholders Meeting;

  5 Meetings of the Board of Directors;

  5 Meetings of the Board of Statutory Auditors;
- during 2014 and to date in 2015, no claims were made pursuant to art. 2408 of the Italian Civil Code nor did shareholders and/or third parties submit any complaints;
- The Board of Statutory Auditors acts as the "*Internal Control and Audit Committee*", as defined in art. 19 of Italian Legislative Decree 39/2010; in this regard, based also on the information received from the Chairman of the Board of Directors, the members of the Control and Risks Committee, the Internal Control Manager, and the Independent Auditors, the Board of Statutory Auditors confirms that the internal control system is adequate to the company's size;
- the Board also supervised the adequacy of the orders the company gave to its subsidiaries in accordance with art. 114, paragraph 2, of Italian Legislative Decree 58/98, obtaining information from the Independent Auditors and the company's Directors. It found transactions with subsidiaries to be substantially adequate.

In carrying out its supervision, the Board of Statutory Auditors found no errors, omissions or irregularities to be mentioned in this Report.

The Board of Statutory Auditors does not consider it necessary to exercise the right to make proposals to the Shareholders' Meeting under art. 153 paragraph two of Italian Legislative Decree 58/1998.

In light of the above, the Board of Statutory Auditors gives its favourable opinion to the approval of the Financial Statements as of 31 December 2014 and has no objections to the Board of Directors' proposal concerning the allocation of the profit for the year 2014.

Bologna, 27 March 2015

THE BOARD OF STATUTORY AUDITORS

(Dott. Fabio Senese) ____________________

(Dott. Adalberto Costantini) ____________________

(Dott.ssa Donatella Vitanza) ____________________