IRCE

HALF-YEARLY FINANCIAL REPORT AS OF 30 JUNE 2015

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CORPORATE BODIES

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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

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SUBSTITUTE STATUTORY AUDITOR	MS	CLAUDIA MARESCA

INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A.

RISK CONTROL AND REMUNERATION COMMITTEES

MS FRANCESCA PISCHEDDA
MR GIANFRANCO SEPRIANO
MR ORFEO DALLAGO

INTERNAL CONTROL MANAGER

MR WILMER NERI

SUPERVISORY BODY

MS FRANCESCA PISCHEDDA
ATTORNEY GENERAL PAOLA PRETI
MR GIANLUCA PIFFANELLI

INTERIM REPORT ON OPERATIONS AS OF 30 JUNE 2015

In the first six months of 2015, IRCE Group (hereinafter the "Group") recorded better results than the first half year of 2014.

In the winding wire sector, sales in Europe continued to go down, only partly compensated by higher sales in the Brazilian market. Different was the situation in the cable sector, which, after years of declining demand, sales recorded a significant increase in volumes.

Consolidated revenues amounted to € 188.40 million, up by 3.0%, compared to € 182.99 million of the first half of 2014, mostly due to the higher average selling copper price.

In this context, turnover without metal[1] in the first half of 2015 increased by 2.4%, while the winding wire sector decreased by 1.7% and the cabling sector grew by 24.2%.

Consolidated turnover without metal (€/million)	1st half 2015		1st half 2014		Change
	Value	%	Value	%	%
Winding wires	34.2	*80.7%*	34.8	*84.1%*	*-1.7%*
Cables	8.2	*19.3%*	6.6	*15.9%*	*24.2%*
Total	42.4	*100.0%*	41.4	*100.0%*	*2.4%*

The following table shows the changes in results compared to the first half of 2014, including adjusted EBITDA and EBIT:

Consolidated income statement data (€/million)	1st half 2015	1st half 2014	Change
Turnover[2]	188.40	182.99	5.41
EBITDA[3]	7.10	7.26	(0.16)
EBIT	3.44	3.11	0.33
Profit before tax	6.89	4.32	2.57
Net profit	4.37	2.17	2.20
Adjusted EBITDA[4]	8.96	8.35	0.61
Adjusted EBIT[4]	5.30	4.20	1.10

[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 an 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 income/charges from operations on copper derivatives (€ +1.86 million in the first half of 2015 and € +1.09 million in the first half of 2014). 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.

Consolidated net financial debt, at the end of June 2015, was € 48.37 million improved versus € 49.64 million at the end of 2014, thanks to the cash flow generated by operating activities.

Consolidated statement of financial position data (€/million)	As of 30/06/2015	As of 31/12/2014	Change
Net invested capital	189.64	187.36	2.28
Shareholders' equity	141.27	137.72	3.55
Net financial debt[5]	48.37	49.64	(1.27)

Investments

The Group's investments in the first half of 2015 were € 1.44 million, mostly made in 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 still 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 affects the investment's carrying amount.

- *Interest rate risk*
  During the first half of 2015, the Group was mainly financed through short-term bank loans with variable rates; there were also two medium / long-term loans with a variable rate, the first in Euro and entered into by the parent company IRCE SpA with maturity in 2019 and the second in CHF, entered into by the company Isomet AG and with maturity in 2017. The Group does not currently have any transactions hedging against variable rates.

- *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.

[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.

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 payments.

The half-yearly financial report does not include all the information on risk management that is required for the purposes of the annual financial statements and should be read in conjunction with the financial statements prepared for the year ended 31 December 2014. There were no material changes in risk management and in policies pertaining to the latter and adopted by the Group during the period.

Outlook

Despite the uncertainty regarding the international economic situation, in the light the trend of the first half of the year and the book orders, we expect an improvement in the margins and in the results for the full year 2015.

Imola, 28 August 2015

On behalf of the Board of Directors

The Chairman

Mr Filippo Casadio

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	As of 30/06/2015	As of 31/12/2014
NON-CURRENT ASSETS			
Goodwill and other intangible assets	1	2,414,388	2,418,905
Property, plant and equipment	2	57,039,953	59,878,553
Equipment and other tangible fixed assets	2	1,411,912	1,623,962
Fixed assets under construction and advances	2	1,448,523	441,920
Other non-current financial assets and receivables	3	121,157	111,858
Non-current tax receivables	4	2,745,240	2,894,722
Deferred tax assets	5	2,810,349	3,013,664
TOTAL NON-CURRENT ASSETS		**67,991,522**	**70,383,584**
CURRENT ASSETS			
Inventories	6	95,159,796	94,897,885
Trade receivables	7	76,528,787	71,691,779
Current tax receivables	8	1,057,563	2,354,565
Receivables due from others	9	2,036,919	1,631,323
Current financial assets	10	641,631	1,185,817
Cash and cash equivalents	11	6,768,233	6,567,380
TOTAL CURRENT ASSETS		**182,192,929**	**178,328,749**
TOTAL ASSETS		**250,184,451**	**248,712,333**

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	As of 30/06/2015	As of 31/12/2014
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	12	14,626,560	14,626,560
RESERVES	12	122,015,960	119,029,666
PROFIT FOR THE PERIOD	12	4,363,807	3,794,509
TOTAL SHAREHOLDERS' EQUITY OF THE GROUP		**141,006,327**	**137,450,735**
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**265,843**	**264,740**
TOTAL SHAREHOLDERS' EQUITY		**141,272,170**	**137,715,475**
NON-CURRENT LIABILITIES			
Non-current financial liabilities	13	8,535,914	3,251,830
Deferred tax liabilities	5	1,151,723	1,099,952
Provisions for risks and charges	14	1,916,281	1,675,283
Employee benefits' provisions	15	5,784,826	5,954,529
TOTAL NON-CURRENT LIABILITIES		**17,388,744**	**11,981,594**
CURRENT LIABILITIES			
Current financial liabilities	16	46,644,963	53,424,816
Trade payables	17	30,593,805	34,290,234
Tax payables	18	4,734,187	2,595,190
Social security contributions		2,364,558	2,105,954
Other current liabilities	19	7,186,024	6,599,070
TOTAL CURRENT LIABILITIES		**91,523,537**	**99,015,264**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**250,184,451**	**248,712,333**

The effects of related party transactions on the consolidated statement of financial position are reported in note 30 "Related party disclosures".

CONSOLIDATED INCOME STATEMENT

	Notes	As of 30/06/2015	As of 30/06/2014
Revenues	20	188,402,570	182,986,751
Other revenues and income	20	301,354	557,963
(of which: non-recurring)		-	*163,000*
TOTAL REVENUES		**188,703,924**	**183,544,714**
Costs for raw materials and consumables	21	(148,155,980)	(147,866,891)
Change in inventories of work in progress and finished goods		907,033	5,036,329
Costs for services	22	(17,206,211)	(16,976,348)
Personnel cost	23	(16,544,545)	(15,748,120)
Amortisation/depreciation	24	(3,196,472)	(3,499,950)
Provisions and write-downs	25	(464,628)	(643,950)
Other operating costs	26	(600,597)	(731,955)
EBIT		**3,442,524**	**3,113,829**
Financial income / (charges)	27	3,444,311	1,204,946
PROFIT BEFORE TAX		**6,886,835**	**4,318,775**
Income taxes	28	(2,521,927)	(2,145,481)
PROFIT BEFORE NON-CONTROLLING INTERESTS		**4,364,908**	**2,173,294**
Non-controlling interests		(1,101)	(1,118)
PROFIT FOR THE PERIOD		**4,363,807**	**2,172,176**

Earnings (loss) per share (EPS)			
- basic EPS for the period attributable to ordinary shareholders of the parent company	29	0.1631	0.0828
- diluted EPS for the period attributable to ordinary shareholders of the parent company	29	0.1631	0.0828

The effects of related party transactions on the consolidated income statement are reported in Note 30 “Related party disclosures”.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30.06.2015	30.06.2014
€/000		
PROFIT / (LOSS) BEFORE NON-CONTROLLING INTEREST	**4,365**	**2,173**
Foreign currency translation difference	(1,072)	4,323
Net profit / (loss) from Cash Flow Hedge	-	19
Income taxes	-	(5)
	-	14
Total other profit / (loss); net of tax which may be subsequently reclassified to profit / (loss) for the period	**(1,072)**	**4,337**
Net profit / (loss) - IAS 19	77	22
Income taxes	(23)	(3)
	54	19
Total other profit / (loss) net of tax, which will not subsequently reclassified to profit / (loss) for the period	**54**	**19**
Total profit / (loss) from statement of comprehensive income, net of taxes	**(1,018)**	**4,356**
Total comprehensive profit / (loss), net of taxes	**3,346**	**6,529**
Ascribable to:		
Sharelders of the parent company	**3,345**	**6,529**
Minority Shareholders	**1**	**-**

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

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 2013	**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												2,172	2,172	1	2,173
Other comprehensive profit/(loss)						4,323			14	19			4,356		4,356
Total profit/(loss) from statement of comprehensive income						**4,323**			**14**	**19**		**2,172**	**6,528**	**1**	**6,529**
Allocation of the result of the previous year								857			(746)	(111)			
Other movements											(4)		(4)	2	(2)
Dividends		(3)						(262)					(265)		(265)
Balance as of 30 june 2014	**14,627**	**(999)**	**40,539**	**(406)**	**45,924**	**(6,411)**	**2,925**	**30,653**	**(8)**	**(729)**	**10,746**	**2,172**	**139,032**	**267**	**139,299**
Result for the year												1,623	1,623	(2)	1,621
Other comprehensive profit/(loss)						(2,775)			8	(431)			(3,198)		(3,198)
Total profit/(loss) from statement of comprehensive income						**(2,775)**			**8**	**(431)**		**1,623**	**(1,575)**	**(2)**	**(1,577)**
Shares buy back				(6)									(6)		(6)
Balance as of 31 december 2014	**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**
Result for the year												4,364	4,364	1	4,365
Other comprehensive profit/(loss)						(1,072)				54			(1,018)		(1,018)
Total profit/(loss) from statement of comprehensive income						**(1,072)**			**0**	**54**		**4,364**	**3,346**	**1**	**3,347**
Allocation of the result of the previous year								1,035			2,759	(3,795)	(1)		(1)
Dividends								(803)					(803)		(803)
Shares buy back		286		726									1,012		1,012
Balance as of 30 june 2015	**14,627**	**(713)**	**40,539**	**314**	**45,924**	**(10,257)**	**2,925**	**30,885**	**0**	**(1,106)**	**13,505**	**4,364**	**141,006**	**266**	**141,273**

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

CONSOLIDATED STATEMENT OF CASH FLOWS	Note	30/06/2015	30/06/2014
€/000			
OPERATING ACTIVITIES			
Net profit for the period		**4,364**	**2,172**
Adjustments for:			
Amortization/depreciation	24	3,196	3,500
Change in deferred taxes	5	255	252
(Gains)/losses from disposals of fixed assets		(7)	(13)
(Gains)/losses on unrealized translation differences		238	(96)
Taxes	28	2,479	1,723
Financial income/(loss)	27	(1,871)	(1,073)
Operating profit/(loss) before change in working capital		**8,654**	**6,465**
Taxes paid		(465)	(260)
Decrease (increase) in inventory	6	(262)	(8,294)
Change in current assets and liabilities		(6,759)	45
Change in non-current assets and liabilities		62	92
Exchange difference on translation of financial statement in foreign currency		(268)	2,015
CASH FLOW PROVIDED BY OPERATING ACTIVITIES		**961**	**63**
INVESTING ACTIVITIES			
Investments in intangible assets	1	(48)	(155)
Investments in tangible assets	2	(1,395)	(1,260)
Proceeds from disposals		9	149
CASH FLOW USED IN INVESTING ACTIVITES		**(1,434)**	**(1,266)**
FINANCIAL ACTIVITIES			
Increase of borrowings	13	5,284	1,637
Change in current other financial payables	16	(6,780)	(577)
Exchange difference on translation of financial statement in foreign currency		(23)	(572)
Change in current financial assets		544	593
Interest paid	16	(1,504)	(1,465)
Interest received	10	3,375	2,538
Change in minority shareholders' capital		1	3
Change in translation of financial statement in foreign currency with effect in equity		(118)	564
Shares buy back		1,013	-
Dividend paid		(803)	(262)
CASH FLOW PROVIDED BY FINANCING ACTIVITIES		**990**	**2,458**
NET CASH FLOW FOR THE PERIOD		**517**	**1,255**
CASH AND EQUIVALENT AT THE BEGINNING OF THE PERIOD	11	6,567	5,625
TOTAL NET CASH FLOW FOR THE PERIOD		517	1,255
Exchange difference on translation of financial statement in foreign currency		(316)	144
CASH AND EQUIVALENT AT THE END OF THE PERIOD	11	6,768	7,024

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS

GENERAL INFORMATION

The IRCE Group's half-yearly Financial Report as of 30 June 2015 was drafted by the Board of Directors of IRCE SpA (henceforth also referred to as the "Company" or the "Parent company") on 28 August 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.
The distribution uses agents and the following commercial subsidiaries: Isomet AG in Switzerland, DMG GmbH in Germany, Isolveco S.r.l. in Italy, IRCE S.L. in Spain, IRCE Kablo Ve Tel Ltd in Turkey and IRCE SP.ZO.O in Poland.

GENERAL DRAFTING CRITERIA

The Half-Yearly Financial Report has been prepared in compliance with IAS 34 "Interim Financial Reporting", pursuant to the provisions for the condensed interim financial statements, and based on Article 154 ter of the Consolidated Financial Act. The Half-Yearly Financial Report does not therefore include all the information required for preparing the annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2014.

The Half-Yearly Financial Report is drafted in Euros and all values reported in the notes are stated in thousands of euro, unless specified otherwise.

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 period classified by operating, investing and financing activities. Cash flows from operating activities were reported using the "indirect method".

ACCOUNTING STANDARDS

The Half-Yearly Financial Report was prepared using the accounting standards and criteria adopted in preparing the consolidated financial statements as of 31 December 2014, as they are compatible, except for that described in the following paragraph.

Accounting standards, amendments and interpretations that are applicable as of 1 January 2015

On 20 May 2013, the interpretation of IFRIC 21 – Levies was published; it provides clarifications on when to recognise a liability for a levy (other than income taxes) imposed by a government. The standard refers to both levies that are accounted for in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

On 12 December 2013, the IASB published the document "Annual Improvements to IFRSs: 2011-2013 Cycle" which reflects changes made to some standards as part of their annual improvement process. The primary changes were as follows:

- IFRS 3 Business Combinations – Scope exception for joint ventures. This amendment clarifies that paragraph 2 (a) of IFRS 3 excludes the formation of all types of joint arrangements as defined in IFRS 11 from the scope of IFRS 3;
- IFRS 13 Fair Value Measurement – Scope of portfolio exception (par. 52). This amendment clarifies that the portfolio exception included in paragraph 52 of IFRS 13 applies to all contracts within the scope of IAS 39, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32;
- IAS 40 Investment Properties – Interrelationship between IFRS 3 and IAS 40. This amendment clarifies that IFRS 3 and IAS 40 are not mutually exclusive and that, in order to determine whether the acquisition of investment property falls within the scope of IFRS 3 or IAS 40, it is necessary to refer to the guidance in IFRS 3 or IAS 40, respectively.

The adoption of these amendments did not have any impact on the Group consolidated financial statements.

Accounting standards, amendments and interpretations not adopted in advance

The Group is also assessing the impact of changes, amendments and interpretations to approved accounting standards that were not adopted in advance or that are under approval in order to identify potential significant effects on the financial position, economic performance and cash flows of the Group as well as on the information contained in the consolidated financial statements.

USE OF ESTIMATES

The drafting of the consolidated half-yearly financial statements pursuant to IFRSs requires to make estimates and assumptions which affect the amounts of the assets and liabilities recognised in the financial statements as well as the disclosure related to contingent assets and liabilities at the reporting date. The final results could differ from these estimates. Estimates are used mainly to recognise the provisions for bad debt, inventory obsolescence, depreciation and amortisation, impairment of assets, employee benefits, and taxes. The estimates and assumptions are reviewed periodically and the effects of each change are applied to the income statement.

BASIS OF CONSOLIDATION

There have been no changes to the basis of consolidation compared to that mentioned in the Report on the consolidated financial statements as of 31/12/2014.

The following table shows the list of companies included in the scope of consolidation as of 30 June 2015:

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 Srl	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
IRCE SP.ZO.O	100%	Poland	PLN	200,000	line by line

During the course of the first half of 2015, a new company was established in Poland, IRCE SP.ZO.O, with a share capital of PLN 200,000, fully subscribed and paid up by the parent company IRCE SPA. Given that this Polish subsidiary has been recently established, its inclusion in the scope of consolidation did not result in significant changes between the accounting data of the first half of 2015 and the corresponding accounting data of the first half of 2014.

DIVIDENDS

The following table shows the dividends paid by IRCE S.p.A. to its shareholders:

€/000	30/06/2015	30/06/2014
Resolved and paid during the period		
Ordinary share dividends	803	262
2015 dividend: 0.03 cents (2014: 0.01 cents)	803	262

FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risks related to its operations: market risk, interest rate risk, exchange rate risk, risk related to fluctuations in prices of raw materials, credit risk and liquidity risk. This half-yearly financial report does not include all the information and notes on financial risk management required for preparing the annual financial statements. For more information on the matter, please refer to the report on operations.

DERIVATIVE INSTRUMENTS

The Group uses the following types of derivative instruments:

- Derivative instruments related to copper forward purchase and sale transactions with maturity after 30 June 2015. The contracts have been entered into in order 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 and purchases outstanding at 30 June 2015 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 30/06/2015 €/000
Tons	1,275	0	600

- Derivative instruments related to USD forward purchase and sale commitments with maturity after 30 June 2015. 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 and sales outstanding at 30 June 2015 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 30/06/2015 €/000
USD/Sales	2,750	0	29
USD/Purchases	674		(12)

FINANCIAL INSTRUMENTS BY CATEGORY

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

As of 30 June 2015 - €/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	2,745				2,745
Non-current financial assets and receivables	55			66	121
Current financial assets					
Trade receivables	76,529				76,529
Current tax receivables	1,058				1,058
Receivables due from others	2,037				2,037
Current financial assets	13	629			642
Cash and cash equivalents	6,768				6,768

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 30 June 2015 - €/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	8,536			8,539
Current financial liabilities				
Trade payables	30,593			30,593
Other payables	14,285			14,285
Financial payables	46,633	12		46,645

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

FAIR VALUE

A comparison between the carrying amount of financial instruments held by the Group and their fair value did not yield significant differences in value (see to note 33).
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. 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 30 June 2015 and as of 31 December 2014 broken down by level of fair value hierarchy (€/000):

30/06/2015	Level 1	Level 2	Level 3	Total
Assets:				
Derivative financial instruments	-	629		629
AFS	-		66	66
Total assets	-	629	66	695
Liabilities:				
Derivative financial instruments	-	(12)		(12)
Total liabilities	-	(12)		(12)

31/12/2014	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)

During the first half of 2015, 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 reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance;
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 by winding wires and cables; with regard to unallocated revenues, reference is made to the sale of other materials and services, which cannot be broken down into 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 reference market for winding wires includes the manufacturers of engines and electric generators, transformers, relays and electromagnetic valves.

The reference market for cables consists of the following industries: construction, civil and industrial systems (cabling), as well as durable consumer goods (electrical devices).

Revenues by product

€/000	1st half 2015				1st half 2014			
	Winding wires	Cables	Not allocated	Total	Winding wires	Cables	Not allocated	Total
Revenues	155,201	33,183	19	188,403	155,570	27,409	8	182,987

Revenues by geographical area

€/000	1st half 2015				1st half 2014			
	Italy	EU (Italy not included)	Non-EU	Total	Italy	EU (Italy not included)	Non-EU	Total
Revenues	61,214	83,944	43,245	188,403	53,703	88,713	40,571	182,987

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 in progress	Goodwill	Total
Net carrying amount as of 31/12/2014	71	128	189	2,031	2,419
Changes during the period					
. Investments	48	-	-	-	48
. Effect of exchange rates	3	1	-	-	4
. Reclassifications	-	-	-	-	-
. Amortisation/depreciation	(29)	(28)	-	-	(57)
Total changes	22	(27)	-	-	(5)
Net carrying amount as of 30/06/2015	93	101	189	2,031	2,414

A description of intangible assets with a finite useful life and the utilised method of amortisation is shown in the following table.

Fixed asset	Useful life	Method of amortization	Production on own account 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 at the reporting date due to the absence of trigger events in the period.

The amortisation rates of intangible assets were determined based on their specific residual useful lives and are reviewed at each reporting date.

The goodwill recognised in the financial statements refers to the Cash Generating Unit Smit Draad Nijmegen BV. This amount was tested for impairment as of 31 December 2014. As of 30 June 2015, Directors did not find any external or internal impairment loss indicators; therefore, they did not deem it necessary to perform another impairment test.

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 31/12/2014	11,875	19,685	28,317	1,126	498	442	61,944
Changes during the period							
. Investments	-	7	180	93	70	1,045	1,395
. Effect of exchange rates	258	457	(964)	(55)	(1)	8	(297)
. Reclassifications	(85)	85	46	-	-	(46)	-
. Divestments	-	-	(179)	(37)	(53)	-	(269)
. Depreciation related to disposals	-	-	177	37	53	-	267
. Depreciation of the period	-	(666)	(2,155)	(224)	(95)	-	(3,140)
Total changes	173	(117)	(2,895)	(186)	(26)	1,007	(2,044)
Net carrying amount as of 30/06/2015	12,048	19,568	25,422	940	472	1,449	59,900

Investments of the Group in the first half of 2015 in tangible fixed assets amounted to € 1.40 million and primarily refer to investments in the winding wire sector.
The effect of exchange rates during the period primarily refers to the translation of the Brazilian subsidiary's financial statement data into Euro.

3. OTHER NON-CURRENT FINANCIAL ASSETS AND RECEIVABLES

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

€/000	30/06/2015	31/12/2014
- Equity investments in other companies	66	61
- Other receivables	55	51
Total	121	112

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 SpA, and for €/000 1,933 to the value-added tax credit of the Brazilian subsidiary IRCE Ltda.

5. DEFERRED TAX ASSETS AND LIABILITIES

A breakdown of deferred tax assets and liabilities is shown below:

€/000	30/06/2015	31/12/2014
- Deferred tax assets	2,810	3,014
- Deferred tax liabilities	(1,152)	(1,100)
Total deferred tax assets (net)	1,658	1,914

The changes for the period are shown below:

€/000	30/06/2015	31/12/2014
Deferred tax assets (net)	1,914	2,625
Exchange rate differences	(190)	99
Income statement effect	(43)	(931)
Shareholders' equity effect	(23)	121
Deferred tax assets (net) as of 30 June	1,658	1,914

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 fiscal jurisdiction:

Deferred tax assets - €/000	30/06/2015	31/12/2014
- Amort./depr. with deferred deductibility	204	194
- Allocations to Provisions for risks and charges	469	331
- Allocations to the taxed Bad debt provision	501	663
- Tax losses which can be carried forward	1,275	1,611
- Intra-group margin	95	97
- Provision for inventory obsolescence	951	864
- IAS 19 reserve Isomet AG	251	209
Total	3,746	3,969

Tax losses that can be carried forward refer primarily to the subsidiary IRCE Ltda for € 1.2 million.

The table below shows the changes in deferred tax assets:

	Taxed provisions	Tax losses carried forward	Depreciation	Other	Total
balance 01.01.2015	1,857	1,611	194	306	3,969
income statement effect	64	(203)	10	2	(127)
shareholders' equity effect				5	5
exchange rate difference		(133)		34	(99)
balance 30.06.2015	1,921	1,275	204	347	3,746

Deferred tax liabilities - €/000	30/06/2015	31/12/2014
Amortisation/depreciation	86	92
- Foreign exchange gains	-	81
- IAS capital gains on buildings	108	108
- IAS capital gains on land	465	465
- Effect of tax depreciation of Isomet AG building	329	295
- Effect of tax inventory difference of Isomet AG	270	230
- Effect of tax depreciation of Smit Draad Nijmegen	395	378
- Effect of tax inventory difference of Smit Draad Nijmegen	407	406
- IAS 19 reserve IRCE SpA	28	
Total	2,088	2,055

The table below shows the changes in deferred tax assets:

	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 01.01.2015	92	573	591	784		15	2,055
income statement effect	(6)		(81)	18		(15)	(84)
shareholders' equity effect					28		28
exchange rate difference			89				89
balance 30.06.2015	86	573	599	802	28	-	2,088

6. INVENTORIES

Inventories are broken down as follows:

€/000	30/06/2015	31/12/2014
- Raw materials, ancillary and consumables	31,976	33,424
- Work in progress and semi-finished goods	15,891	11,748
- Finished products and goods	50,847	52,971
- Provision for write-down of raw materials	(2,006)	(2,006)
- Provision for write-down of finished products and goods	(1,548)	(1,239)
Total	95,160	94,898

Inventories are not pledged nor used as collateral.
The provision for write-downs corresponds to the amount that is deemed necessary to hedge existing consolidated inventory obsolescence risks calculated by writing down slow moving raw materials, packages and finished products.

The table below shows the changes in provisions for write-down of inventories during the first half of 2015:

€/000	31/12/2014	Allocations	Uses	30/06/2015
Provision for write-down of raw materials	2,006	-	-	2,006
Provision for write-down of finished products and goods	1,239	315	(6)	1,548
Total	3,245	315	(6)	3,554

7. TRADE RECEIVABLES

€/000	30/06/2015	31/12/2014
- Customers/bills receivable	78,737	74,555
- Bad debt provision	(2,208)	(2,863)
Total	76,529	71,692

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

The increase in trade receivables is primarily due to the increase in turnover in the past months.

The table below shows the changes in the bad debt provision during 2014 and the first half of 2015:

€/000	31/12/2013	Allocations	Uses	31/12/2014
Bad debt provision	4,408	708	(2,253)	2,863

€/000	31/12/2014	Allocations	Uses	30/06/2015
Bad debt provision	2,863	229	(884)	2,208

8. CURRENT TAX RECEIVABLES

The item was broken down as follows:

€/000	30/06/2015	31/12/2014
- Receivables for income taxes	522	440
- VAT receivables	35	653
- VAT receivables and taxes for IRCE Ltda	501	1,262
Total	1,058	2,355

9. RECEIVABLES DUE FROM OTHERS

The item was broken down as follows:

€/000	30/06/2015	31/12/2014
- Advances to suppliers	379	238
- Accrued income and prepaid expenses	288	143
- Receivables due from INPS	159	103
- Other receivables	1,211	1,147
Total	2,037	1,631

The item "other receivables" is primarily composed of receivables for preferential tariffs for energy-intensive Italian manufacturing companies, in accordance with Italian Legislative Decree 83/2012.

10. OTHER CURRENT FINANCIAL ASSETS

€/000	30/06/2015	31/12/2014
- Mark to Market copper forward transactions	600	-
- Mark to Market USD forward transactions	29	27
- Fixed deposit for LME transactions	13	-
Total	642	27

The item "Mark to Market copper forward transactions" refers to the Mark to Market (Fair Value) measurement of copper forward contracts outstanding as of 30/06/2015 of the parent company IRCE SPA.
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 30/06/2015 of the parent company IRCE SPA.
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	30/06/2015	31/12/2014
- Bank and postal deposits	6,751	6,551
- Cash and cash equivalents	17	16
Total	6,768	6,567

Short-term bank deposits are remunerated at floating rates. Bank and postal deposits outstanding as of 30 June 2015 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.

Here below is the breakdown of reserves:

€/000	30/06/2015	31/12/2014
- Own shares (share capital)	(713)	(999)
- Share premium reserve	40,539	40,539
- Own shares (share premium)	314	(412)
- Other reserves	45,924	45,924
- Foreign currency translation reserve	(10,257)	(9,186)
- Legal reserve	2,925	2,925
- Extraordinary reserve	30,885	30,653
- IAS 19 reserve	(1,106)	(1,160)
- Undistributed profits	13,505	10,746
Total	122,016	119,030

Own Shares

This reserve refers to the par value and share premium of own shares held by the Company; they are reported as a deduction from shareholders' equity.
Own shares as of 30 June 2015 amounted to 1,370,324 and correspond to 4.87% of the share capital.

Here below is the number of outstanding shares:

Thousands of shares	
Balance as of 01.01.2014	**26,213**
Share buyback	(5)
Balance as of 31.12.2014	**26,208**
Share issue	550
Balance as of 30.06.2015	**26,758**

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 SpA and Isolcable SrL into IRCE SpA, 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 value accounting differences that result from the foreign currency translation of financial statements of foreign subsidiaries Isomet AG, FD Sims Ltd, IRCE Ltda, Stable Magnet Wire P.Ltd and IRCE Kablo Ve Tel Ltd by using the official exchange rate as of 30 June 2015. The negative change in the reserve is mainly due to the depreciation of the Brazilian Real against the Euro.

Extraordinary reserve

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

IAS 19 reserve

This reserve includes actuarial gains and losses accumulated as a result of the application of IAS 19 Revised.

The table below shows the changes in the reserves:

Balance 31.12.2014	(1,160)
IAS 19 evaluation	77
Income tax	(23)
Balance 30.06.2015	(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 period

The profit pertaining to the Group, net of non-controlling interests, is equal to €/000 4,364 (€/000 2,172 as of 30 June 2014 and €/000 3,795 as of 31 December 2014).

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 period of investees consolidated using the line-by-line method attributable to non-controlling interests.

13. NON-CURRENT FINANCIAL LIABILITIES

€/000	Currency	Rate	Company	30/06/2015	31/12/2014	Due date
Banco Popolare	EUR	Floating	IRCE SPA	4,839	-	2019
NAB	CHF	Floating	Isomet AG	3,697	3,252	2017
Total				8,536	3,252	

14. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges were broken down as follows:

€/000	31/12/2014	Allocations	Uses	30/06/2015
Provisions for risks and disputes	1,381	622	(399)	1,604
Provision for severance payments to agents	294	18	-	312
Total	1,675	640	(399)	1,916

The allocation of €/000 622 primarily includes €/000 235 for the risk of returns of packages and reels that were invoiced with a repurchase commitment as well as €/000 350 relating to the risk of miscellaneous disputes with personnel, including the dispute of the Dutch subsidiary Smit Draad Nijmegen BV where, during the course of the first half of 2015, a dozen of the subsidiary's employees charged local Directors for working conditions that were allegedly not in compliance with the law. The Dutch subsidiary, also in light of the preliminary results of the assessments recently carried out by an independent entity, believes that the values and parameters in question are within the limits required by regulations. Given that the company has an insurance policy covering such risks and that, as of today, the employees have not made any financial requests, the local Directors and those of the Parent Company believe that there are no grounds for making an allocation in the financial statements for potential compensation; therefore, provisions for risks were allocated only for probable legal and consulting expenses linked to the settlement of the dispute.

It should be noted that, in the first half of 2015, the Parent Company IRCE SPA was audited by the Tax Authorities; the audit is still underway and, as of today, and based on the daily audit minutes, no significant irregularities were noted; as a result, no tax liabilities are expected and no risks provisions were made in the financial statements.

15. PROVISIONS FOR EMPLOYEE DEFINED BENEFITS

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

€/000	30/06/2015	31/12/2014
Employee benefits' provision as of 01/01	5,955	5,667
Financial charges	49	144
Actuarial (gains)/losses	(77)	541
Service cost	90	144
Payments	(232)	(541)
Employee benefits' provision as at the reporting date	5,785	5,955

The Provision includes €/000 4,421 related to the Parent Company IRCE SpA, €/000 1,254 related to the Swiss subsidiary ISOMET AG, and €/000 110 related to the Italian subsidiary Isolveco Srl.

The Employee benefits' provision is part of the defined benefit plans.
In order to determine the relevant liability, the Company used the 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 (increases 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 SpA. Here below are the demographic assumptions used by the actuary appointed by the Company for the purpose of measuring the employee benefits' provision of IRCE SpA:

- 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.:

	30/06/2015	31/12/2014
Annual discount rate	2.06%	1.86%
Annual inflation rate	0.60% for 2015 1.20% for 2016 1.50% for 2017 and 2018 2.00% from 2019 onwards	0.60% for 2015 1.20% for 2016 1.50% for 2017 and 2018 2% from 2019 onwards
Annual rate of increase of employee termination indemnities	1.950% for 2015 2.400% for 2016 2.625% for 2017 and 2018 3.00% from 2019 onwards	1.950% for 2015 2.4% for 2016 2.625% for 2017 and 2018 3% from 2019 onwards

With regard to the discount rate, the IBOXX Corporates AA index, with duration of 10+ years as of the measurement date, was used as benchmark.

It should also be noted that the discount rate used for the purposes of calculating the DBO of the subsidiary Isomet AG (Switzerland), equal to 1.10% in June 2015 and 1.00% in December 2014, is based on government securities' return 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 SPA's main measurement parameters:

€/000	DBO change as of 30/06/2015
Inflation rate + 0.25%	4,485
Inflation rate – 0.25%	4,358
Discount rate + 0.25%	4,321
Discount rate – 0.25%	4,524
Turnover rate + 1%	4,409
Turnover rate -1%	4,434

2015 service cost: 0.00
Duration of the plan: 10

Sensitivity analysis of ISOMET AG's main measurement parameters:

€/000	DBO change as of 30/06/2015
Inflation rate - 0.25%	1,227
Inflation rate + 0.25%	1,280
Discount rate -0.25%	1,495
Discount rate + 0.25%	1,029

2016 service cost with +0.25% discount rate: €/000 174
Duration of the plan: 15.3.

16. CURRENT FINANCIAL LIABILITIES

Current financial liabilities are broken down as follows:

€/000	30/06/2015	31/12/2014
- Payables due to banks	46,633	53,402
- Payables due for derivative contracts	12	23
Total	46,645	53,425

The item "Payables due for derivative contracts" refers to the Mark to Market (Fair Value) measurement of USD forward purchase contracts, existing as of 30 June 2015, of the Dutch subsidiary Smit Draad Nijmegen BV.

With regard to financial liabilities, the overall **net financial position** of the Group is detailed as follows:

€/000	30/06/2015	31/12/2014
Cash	6,768	6,567
Other current financial assets	42*	460*
Liquid assets	**6,810**	**7,027**
Current financial liabilities	(46,645)	(53,415)*
Net current financial debt	**(39,835)**	**(46,387)**
Non-current financial liabilities	(8,536)	(3,252)
Non-current financial debt	**(8,536)**	**(3,252)**
Net financial debt	**(48,371)**	**(49,639)**

* 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 typically all due in the following 12 months.
As of 30 June 2015, they amount to €/000 30,593, compared to €/000 34,290 as of 31 December 2014; the decrease was due to the lower amount of traded copper compared to the end of 2014.

18. TAX PAYABLES

The item was broken down as follows:

€/000	30/06/2015	31/12/2014
- VAT payables	1,718	1,394
- Payables due for income taxes	2,529	571
- Employee IRPEF (personal income tax) payables	436	465
- Other payables	51	165
Total	4,734	2,595

The fluctuation in payables due for income taxes is primarily due to the IRES (corporate income tax) payable of the Parent Company IRCE SPA.

19. OTHER CURRENT LIABILITIES

Other payables were broken down as follows:

€/000	30/06/2015	31/12/2014
- Payables due to employees	3,813	3,566
- Deposits received from customers	2,115	1,555
- Accrued liabilities and deferred income	202	196
- Other payables	1,057	1,282
Total	7,186	6,599

COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

20. REVENUES

These refer to revenues from the sale of goods, net of returns, rebates and the return of packages. Consolidated turnover in the first six months of 2015 amounted to €/000 188,403, up 3% compared to the previous year (€/000 182,986). For additional details, see the note on segment reporting.

The item "Other revenues and income" is primarily composed of contingent assets.

21. COSTS FOR RAW MATERIALS AND CONSUMABLES

This item includes costs incurred for the acquisition of raw materials, the most significant of which are copper, insulating materials and materials for packaging and maintenance, net of the change in inventories.

22. 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	30/06/2015	30/06/2014	Change
- External processing	3,200	3,374	(174)
- Utility expenses	7,641	7,189	452
- Maintenance	742	784	(42)
- Transportation expenses	2,611	2,609	2
- Payable fees	236	245	(9)
- Compensation of Statutory Auditors	44	43	1
- Other services	2,564	2,578	(14)
- Costs for the use of third-party goods	168	153	15
Total	17,206	16,975	231

The increase in costs for services is primarily due to increased utility expenses because of the significant increase in electricity prices for the Brazilian subsidiary.
The item "other services" includes primarily technical, legal and tax consulting fees as well as insurance and business expenses.

23. PERSONNEL COST

Personnel cost is detailed as follows:

€/000	30/06/2015	30/06/2014	change
- Salaries and wages	11,190	10,828	362
- Social security charges	2,822	2,877	(55)
- Retirement costs for defined contribution plans	691	701	(10)
- Other costs	1,842	1,342	500
Total Personnel Cost	16,545	15,748	797

The item "Other costs" includes costs for temporary work, contract work, and the remuneration of Directors; the increase is primarily due to allocations made to hedge against the risk of disputes with personnel.

The Group's average number of personnel in force for the period and the current number at the reporting date is shown below:

Personnel	Average 1st half 2015	30/06/2015	31/12/2014
- Executives	20	20	20
- White collars	176	176	178
- Blue collars	544	540	550
Total	740	736	748

The 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 30 June 2015 was 736 people.

24. AMORTISATION/DEPRECIATION

Here is the breakdown of amortisation/depreciation:

€/000	30/06/2015	30/06/2014	change
- Amortisation of intangible fixed assets	57	61	(4)
- Depreciation of tangible fixed assets	3,139	3,439	(300)
Total amortisation/depreciation	3,196	3,500	(304)

25. PROVISIONS AND WRITE-DOWNS

Provisions and write-downs were broken down as follows:

€/000	30/06/2015	30/06/2014	change
- Write-downs of receivables	229	335	(106)
- Provisions for risks	236	309	(73)
Total provisions and write-downs	465	644	(179)

26. OTHER OPERATING COSTS

This item is primarily composed of contingent liabilities as well as non-deductible taxes and duties.

27. FINANCIAL INCOME AND CHARGES

Financial income and charges were broken down as follows:

€/000	30/06/2015	30/06/2014	change
- Other financial income	3,375	2,537	838
- Interest and financial charges	(1,504)	(1,464)	(40)
- Foreign exchange gains/(losses)	1,573	132	1,441
Total	3,444	1,205	2,239

The fluctuation in the item "foreign exchange gains/(losses)" is primarily due to USD forward purchases of the Parent Company IRCE SPA.

The following table outlines income and charges from derivatives (already included in the balances of the table above under the items "other financial income" and "interest and financial charges"):

€/000	30/06/2015	30/06/2014	change
- Income from LME derivatives	1,856	1,834	22
- Charges on LME derivatives	-	(747)	747
Total	1,856	1,087	769

The item "Income from LME derivatives" included €/000 1,256 from the closing of copper forward contracts of the Parent IRCE SPA during the period, and €/000 600 from the Mark to Market (Fair Value) measurement of said company's copper forward contracts.

28. INCOME TAXES

€/000	30/06/2015	30/06/2014
- Current taxes	(2,479)	(1,723)
- Deferred tax liabilities	(43)	(423)
Income taxes in the consolidated income statement	(2,522)	(2,145)

29. 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 a dilution effect and no shares or warrants that could have a dilution effect will be exercised.

	30/06/2015	30/06/2014
Net profit/(loss) attributable to shareholders of the Parent Company	4,363,807	2,172,176
Average weighted number of ordinary shares used to calculate basic earnings per share	26,757,676	26,212,676
Basic earnings/(loss) per Share	0.1631	0.0828
Diluted earnings/(loss) per Share	0.1631	0.0828

30. RELATED PARTY DISCLOSURES

In compliance with the requirements of IAS 24, the half-yearly compensation for the members of the Board of Directors of the Parent Company is shown below:

€/000	Compensation for office held	Compensation for other tasks	Total
Directors	111	162	273

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 is available on the website www.irce.it.
There are no other related party transactions.

31. 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 3,697 from NAB bank, with maturity on 31/03/2017.

32. MANAGEMENT OF TRADE RECEIVABLES

Here below is the breakdown of receivables by internal rating:

Risk level	*Exposure, €/000*
Minimum	32,132
Medium	35,391
Greater than average	6,664
High	4,550
Total	**78,737**

As of 30 June 2015, the breakdown of trade receivables by due date was as follows:

Due date	*Amount, €/000*
Not yet due	65,776
< 30 days	6,115
31-60	1,910
61-90	563
91-120	413
> 120	3,962
Total	**78,737**

33. 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	
	30/06/2015	31/12/2014	30/06/2015	31/12/2014
Financial assets				
Cash and cash equivalents	6,768	6,567	6,768	6,567
Other financial assets	642	1,186	642	1,186
Financial liabilities				
Current loans	46,633	53,425	46,633	53,425
Non-current loans	8,536	3,252	8,536	3,252
Other financial liabilities	12	23	12	23

34. EVENTS FOLLOWING THE REPORTING PERIOD

No significant events occurred between the reporting date and the date when the financial statements are prepared.

Attachment

CONSOLIDATED INCOME STATEMENT FOR THE 2nd QUARTER OF 2015 AND 2014

	2nd quarter 2015 (*)	2nd quarter 2014 (*)
Revenues	95,607,841	91,473,039
Other revenues and income	188,881	475,194
TOTAL REVENUES	**95,796,722**	**91,948,233**
Costs for raw materials and consumables	(74,834,268)	(71,964,284)
Change in inventories of work in progress and finished goods	463,883	1,962,545
Costs for services	(8,809,513)	(8,612,087)
Personnel cost	(8,529,730)	(8,093,159)
Amortisation/depreciation	(1,612,030)	(1,835,526)
Provisions and write-downs	(154,448)	(208,266)
Other operating costs	(226,250)	(360,113)
EBIT	**2,094,366**	**2,837,343**
Financial income and charges	950,840	(832,783)
PROFIT (LOSS) BEFORE TAX	**3,045,206**	**2,004,560**
Income taxes	(1,141,326)	(1,121,059)
PROFIT (LOSS) BEFORE NON-CONTROLLING INTERESTS	**1,903,879**	**883,501**
Non-controlling interests	397	157
NET PROFIT (LOSS) FOR THE PERIOD	**1,904,277**	**883,658**

(*) Unaudited

Attachment

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	2nd quarter 2015 (*)	2nd quarter 2014 (*)
€/000		
PROFIT / (LOSS) BEFORE NON-CONTROLLING INTEREST	**1,904**	**884**
Foreign currency translation difference	524	2,385
Net profit / (loss) from Cash Flow Hedge	-	(19)
Income taxes	-	5
	-	(14)
Total other profit / (loss); net of tax which may be subsequently reclassified to profit / (loss) for the period	**524**	**2,371**
Net profit / (loss) - IAS 19	618	11
Income taxes	(184)	(1)
	434	10
Total other profit / (loss) net of tax, which will not subsequently reclassified to profit / (loss) for the period	**434**	**10**
Total profit / (loss) from statement of comprehensive income, net of taxes	**958**	**2,381**
Total comprehensive profit / (loss), net of taxes	**2,862**	**3,265**
Ascribable to:		
Sharelders of the parent company	**2,863**	**3,265**
Minority Shareholders	**(1)**	**-**

Certification of the half-yearly 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 implementation

of the administrative and accounting procedures used to prepare the half-yearly financial statements.

In addition, it is hereby certified that the half-yearly financial statements:

a) are consistent with accounting books and records;
b) are prepared in compliance with IAS 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; and
c) that the interim report on operations contains a reliable analysis of the information pursuant to Article 154-ter, paragraph 4 of Italian Legislative Decree no. 58 of 24 February 1998.

Imola, 28 August 2015

Filippo Casadio
Chairman

Elena Casadio
Manager responsible for preparing the corporate accounting documents

REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the Shareholders of IRCE SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of IRCE SpA (hereinafter also the “Company”) and its subsidiaries (the “IRCE Group”) as of 30 June 2015 and for the six months period then ended, comprising the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the cashflow statement and the related explanatory notes. The Directors of IRCE SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements of the IRCE Group as of 30 June

2015 and for the six months period then ended are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Bologna, 28 August 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. References in this report to the financial statements refer to the financial statements in original Italian and not to any their translation."