



**INTERIM REPORT ON OPERATIONS AT 30 SEPTEMBER 2015**

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Statement as of art.154-bis, clauses 2, D.lgs 24.02.1998 n.58

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NON-EXECUTIVE DIRECTOR	MR	GIANFRANCO SEPRIANO
INDEPENDENT DIRECTOR	MS	FRANCESCA PISCHEDDA
INDEPENDENT DIRECTOR	MR	ORFEO DALLAGO

**BOARD OF STATUTORY AUDITORS**

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**RISK CONTROL AND REMUNERATION COMMITTEE**

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MR GIANFRANCO SEPRIANO  
MR ORFEO DALLAGO

**INTERNAL CONTROL MANAGER**

MR WILMER NERI

**SUPERVISORY BODY**

MS FRANCESCA PISCHEDDA  
MS PAOLA PRETI  
MR GIANLUCA PIFFANELLI

## REPORT ON OPERATIONS

In the first nine months of 2015, IRCE Group (hereinafter the "Group") recorded better turnover and results than the first nine months of 2014.

The winding wire sector, overall, shows a reduction in volume compared to the same period 2014, but improved vis-à-vis the corresponding situation at the June 30th 2015. This outcome is mainly due to larger volume in Europe, while the Brazilian market recorded a slowdown. The cable industry has continued its positive trend compared with the same period of last year.

Consolidated revenues amounted to € 271.70 million, up by 4.3%, compared to € 260.50 million of the first nine months of 2014, thanks to larger volumes and higher sales price of copper.

In this context, the turnover without metal<sup>1</sup>, in the first nine months of 2015, grew by 4.7%. In detail, the winding wire sector decreased by 1.0% and the cable sector increased by 34.0%.

Consolidated turnover without metal (€/million)	2015 9 months		2014 9 months		Change %
	Value	%	Value	%	
Winding wires	48.9	79.0%	49.4	83.6%	-1.0%
Cables	13.0	21.0%	9.7	16.4%	34.0%
<b>Total</b>	<b>61.9</b>	<b>100.0%</b>	<b>59.1</b>	<b>100.0%</b>	<b>4.7%</b>

The following table shows the changes in results compared to the first nine months of 2014, including adjusted EBITDA and EBIT.

Consolidated income statement data (€/million)	9 months 2015	9 months 2014	Change
Sales <sup>2</sup>	271.70	260.50	11.20
EBITDA <sup>3</sup>	8.99	7.80	1.19
EBIT	3.63	1.74	1.89
Result before taxes	7.98	4.31	3.67
Net result	5.13	2.31	2.82
EBITDA adjusted <sup>4</sup>	11.49	10.00	1.49
EBIT adjusted <sup>4</sup>	6.13	3.94	2.19

<sup>1</sup> Turnover without metal corresponds to overall turnover after deducting the metal component.

<sup>2</sup> The item "Sales" represents "Revenues" as stated on the consolidated income statement.

<sup>3</sup> EBITDA is a performance indicator used by Group Management to evaluate its operational performance and is not identified as an accounting measure under IFRS, it is calculated by adding to the EBIT, amortizations, provisions and depreciations.

<sup>4</sup> Adjusted EBITDA and EBIT are respectively calculated as the sum of EBITDA and EBIT and the income/charges from operations on copper derivatives transactions (€ +2.50 million in nine months 2015 and € +2.20 million in nine months 2014). These indicators are used by the Management of the Group in order to monitor and assess the operational performance of the Group and are not identified as accounting items within IFRS. Given that the composition of these measures is not regulated by the reference accounting standards, the criterion used by the Group could potentially not be consistent with that adopted by others and therefore not be comparable.

Consolidated net financial debt, at the end of September 2015, was € 45.87 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 30.09.2015	As of 31.12.2014	Change
Net invested capital	177.47	187.36	(9.89)
Shareholders' Equity	131.60	137.72	(6.12)
Net financial debt <sup>5</sup>	45.87	49.64	(3.77)

The reduction in Shareholders' Equity is mainly due to the negative change in the translation reserve caused by the devaluation of the Brazilian real against the Euro.

The Group's investments in the first nine months of 2015 were € 2.25 million, mostly made by IRCE SpA in the winding wire sector.

With regard to full year 2015, we expect an improvement of margins and results compared to the last year, even though the international economic situation remains difficult; we underline the difficulties of the Brazilian economy and the consequent negative effects.

Imola, 13<sup>th</sup> November 2015

On behalf of the Board of Directors

The Chairman

Mr Filippo Casadio

<sup>5</sup> Net financial debt is measured as the sum of short-term and long-term financial liabilities minus cash and financial assets, note no. 15. It should be noted that the methods for measuring net financial debt comply with the methods for measuring the Net Financial Position defined by Consob Resolution no. 6064293 of 28 July 2006 and CESR recommendation of 10 February 2005.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>Note</b>	<b>30.09.2015</b>	<b>30.06.2015</b>	<b>31.12.2014</b>
<b>NON - CURRENT ASSETS</b>				
Goodwill and intangibles assets	1	2,395,042	2,414,388	2,418,905
Property, plant and machinery	2	50,648,157	57,039,953	59,878,553
Equipment and other tangible other assets	2	1,259,361	1,411,912	1,623,962
Fixed assets under construction and on account	2	2,199,303	1,448,523	441,920
Other non-current financial assets and receivables	3	118,054	121,157	111,858
Non-current tax receivables	4	2,315,253	2,745,240	2,894,722
Deferred taxes assets	5	2,455,469	2,810,349	3,013,664
<b>TOTAL NON- CURRENT ASSETS</b>		<b>61,390,639</b>	<b>67,991,522</b>	<b>70,383,584</b>
<b>CURRENT ASSETS</b>				
Inventories	6	87,639,364	95,159,796	94,897,885
Trade receivables	7	69,946,339	76,528,787	71,691,779
Current tax receivables	8	1,204,286	1,057,563	2,354,565
Receivables due from others	9	1,867,296	2,036,919	1,631,323
Current financial assets	10	202,544	641,631	1,185,817
Cash and cash equivalent	11	4,814,618	6,768,233	6,567,380
<b>TOTAL CURRENT ASSETS</b>		<b>165,674,447</b>	<b>182,192,929</b>	<b>178,328,749</b>
<b>TOTAL ASSETS</b>		<b>227,065,086</b>	<b>250,184,451</b>	<b>248,712,333</b>

<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>30.09.2015</b>	<b>30.06.2015</b>	<b>31.12.2014</b>
<b>SHAREHOLDERS' EQUITY</b>				
SHARE CAPITAL	12	14,626,560	14,626,560	14,626,560
RESERVES	12	111,580,473	122,015,960	119,029,666
PROFIT FOR THE PERIOD		5,125,095	4,363,807	3,794,509
<b>TOTAL SHAREHOLDERS' EQUITY OF THE GROUP</b>		<b>131,332,128</b>	<b>141,006,327</b>	<b>137,450,735</b>
<b>MINORITY INTEREST</b>		<b>265,178</b>	<b>265,843</b>	<b>264,740</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>131,597,306</b>	<b>141,272,170</b>	<b>137,715,475</b>
<b>NON CURRENT LIABILITIES</b>				
Non-current financial liabilities	13	22,903,424	8,535,914	3,251,830
Deferred tax liabilities	5	1,054,242	1,151,723	1,099,952
Provision for risks and charges	14	1,946,987	1,916,281	1,675,283
Employee benefits' provision		5,664,441	5,784,826	5,954,529
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>31,569,094</b>	<b>17,388,744</b>	<b>11,981,594</b>
<b>CURRENT LIABILITIES</b>				
Current financial liabilities	15	27,838,801	46,644,963	53,424,816
Trade payables	16	23,825,182	30,593,805	34,290,234
Tax payables	17	3,577,298	4,734,187	2,595,190
Social security contributions		1,767,023	2,364,558	2,105,954
Other current liabilities	18	6,890,382	7,186,024	6,599,070
<b>TOTAL CURRENT LIABILITIES</b>		<b>63,898,686</b>	<b>91,523,537</b>	<b>99,015,264</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>227,065,086</b>	<b>250,184,451</b>	<b>248,712,333</b>

The effects of related party transactions on the consolidated statement of financial position are reported in note 28 "Related party disclosures".

**CONSOLIDATED INCOME STATEMENT**

	Note	30.09.2015	30.09.2014	III quarter 2015	III quarter 2014
Revenues	19	271,696,860	260,497,393	83,294,290	77,510,642
Other revenues and income	19	370,938	580,401	69,584	22,437
<i>(of which: non-recurring)</i>		-	163,000	-	-
<b>TOTAL REVENUES</b>		<b>272,067,798</b>	<b>261,077,794</b>	<b>83,363,874</b>	<b>77,533,079</b>
Cost for raw material and consumables	20	(212,079,851)	(209,607,269)	(63,923,871)	(61,740,378)
Change in work in progress and finished goods		(696,260)	3,754,060	(1,603,293)	(1,282,269)
Cost for services	21	(24,828,679)	(23,451,979)	(7,622,468)	(6,475,630)
Personnel costs	22	(24,459,490)	(22,973,556)	(7,914,945)	(7,225,436)
Amortisation/depreciation	23	(4,847,036)	(5,329,987)	(1,650,564)	(1,830,037)
Allocation and write-downs	24	(514,470)	(728,259)	(49,842)	(84,309)
Other operating costs	25	(1,015,007)	(998,291)	(414,410)	(266,336)
<b>EBIT</b>		<b>3,627,005</b>	<b>1,742,513</b>	<b>184,481</b>	<b>(1,371,316)</b>
Financial incomes / (charges)	26	4,349,517	2,568,363	905,206	1,363,417
<i>(of which: non-recurring)</i>					
<b>PROFIT / (LOSS) BEFORE TAXES</b>		<b>7,976,522</b>	<b>4,310,876</b>	<b>1,089,687</b>	<b>(7,899)</b>
Income taxes	27	(2,850,991)	(2,000,559)	(329,064)	144,922
<b>PROFIT BEFORE NON-CONTROLLING INTERESTS</b>		<b>5,125,531</b>	<b>2,310,317</b>	<b>760,623</b>	<b>137,023</b>
Non-controlling interests		(436)	(431)	665	687
<b>PROFIT FOR THE PERIOD</b>		<b>5,125,095</b>	<b>2,309,886</b>	<b>761,288</b>	<b>137,710</b>

The effects of related party transactions on the consolidated income statement are reported in Note 28 "Related party disclosures".



<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>	<b>30.09.2015</b>	<b>30.09.2014</b>
€ / 000		
<b>PROFIT / (LOSS) BEFORE NON-CONTROLLING INTEREST</b>	<b>5,126</b>	<b>2,310</b>
Foreign currency translation difference	(11,496)	3,776
Net profit / (loss) from Cash Flow Hedge	-	(11)
Income taxes	-	3
	-	(8)
<b>Total other profit / (loss); net of tax which may be subsequently reclassified to profit / (loss) for the period</b>	<b>(11,496)</b>	<b>3,768</b>
Net profit / (loss) - IAS 19	77	22
Income taxes	(23)	(3)
	54	19
<b>Total other profit / (loss) net of tax, which will not subsequently reclassified to profit / (loss) for the period</b>	<b>54</b>	<b>19</b>
<b>Total profit / (loss) from statement of comprehensive income, net of taxes</b>	<b>(11,442)</b>	<b>3,787</b>
<b>Total comprehensive profit / (loss), net of taxes</b>	<b>(6,316)</b>	<b>6,097</b>
Ascribable to:		
Shareholders of the parent company	(6,316)	6,097
Minority Shareholders	-	-

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital		Other reserves			Retained earnings							Total	Minority interest	Total shareholders' equity	
	Share capital	Own shares	Share premium reserve	Own shares (shares premium)	Other reserves	Foreign currency transaction reserve	Legal reserves	Extraordinary reserve	Cash flow hedge reserve	Actuarial reserve	Undivided profit	Result for the period				
€/000																
<b>Balance as of 31 december 2013</b>	<b>14,627</b>	<b>(996)</b>	<b>40,539</b>	<b>(406)</b>	<b>45,924</b>	<b>(10,734)</b>	<b>2,925</b>	<b>30,058</b>	<b>(22)</b>	<b>(748)</b>	<b>11,496</b>	<b>111</b>	<b>132,772</b>	<b>264</b>	<b>133,036</b>	
<b>Result for the period</b>												2,310	2,310	0	2,310	
Other comprehensive profit / (loss)						3,776			(8)	19			3,787		3,787	
<b>Total profit / (loss) from statement of comprehensive income</b>						<b>3,776</b>			<b>(8)</b>	<b>19</b>		<b>2,310</b>	<b>6,097</b>	<b>0</b>	<b>6,097</b>	
Allocation of the result of the previous year								857			(746)	(111)	0	4	11	
Other movements											(15)	7	(262)		(262)	
Dividends								(262)								
<b>Balance as of 30 september 2014</b>	<b>14,627</b>	<b>(996)</b>	<b>40,539</b>	<b>(406)</b>	<b>45,924</b>	<b>(6,958)</b>	<b>2,925</b>	<b>30,653</b>	<b>(8)</b>	<b>(729)</b>	<b>10,735</b>	<b>2,310</b>	<b>138,614</b>	<b>268</b>	<b>138,881</b>	
<b>Balance as of 31 december 2014</b>	<b>14,627</b>	<b>(999)</b>	<b>40,539</b>	<b>(412)</b>	<b>45,924</b>	<b>(9,186)</b>	<b>2,925</b>	<b>30,653</b>	<b>0</b>	<b>(1,160)</b>	<b>10,746</b>	<b>3,795</b>	<b>137,450</b>	<b>265</b>	<b>137,715</b>	
<b>Result for the period</b>												5,125	5,125	1	5,126	
Other comprehensive profit / (loss)						(11,496)				54			(11,442)		(11,442)	
<b>Total profit / (loss) from statement of comprehensive income</b>						<b>(11,496)</b>				<b>54</b>		<b>5,125</b>	<b>(6,317)</b>	<b>1</b>	<b>(6,316)</b>	
Allocation of the result of the previous year								1,035			(35,117)	(3,794)	(803)	(1)	(803)	
Dividends								(803)								
Other movements																
Shares buy back		283		718									1,001		1,001	
<b>Balance as of 30 september 2015</b>	<b>14,627</b>	<b>(716)</b>	<b>40,539</b>	<b>306</b>	<b>45,924</b>	<b>(20,681)</b>	<b>2,925</b>	<b>30,885</b>	<b>0</b>	<b>(1,106)</b>	<b>(24,371)</b>	<b>5,125</b>	<b>131,332</b>	<b>265</b>	<b>131,597</b>	

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

CONSOLIDATED STATEMENT OF CASH FLOWS	Note	30/09/2015	30/09/2014
<i>€/000</i>			
<b>OPERATING ACTIVITIES</b>			
Net profit for the period		5,125	2,310
<i>Adjustments for:</i>			
Amortization/depreciation	23	4,847	5,330
Change in deferred taxes	5	512	287
(Gains)/losses from disposals of fixed assets		(11)	(13)
(Gains)/losses on unrealized translation differences		(297)	(227)
Taxes	27	2,805	1,621
Financial income/(loss)	26	(2,473)	(2,186)
Operating profit/(loss) before change in working capital		<b>10,509</b>	<b>7,122</b>
Taxes paid		(1,193)	(567)
Decrease (increase) in inventory	6	7,259	(8,256)
Change in current assets and liabilities		(7,606)	11,572
Change in non-current assets and liabilities		(25)	77
Exchange difference on translation of financial statement in foreign currency		6,508	1,429
<b>CASH FLOW PROVIDED BY OPERATING ACTIVITIES</b>		<b>15,451</b>	<b>11,377</b>
<b>INVESTING ACTIVITIES</b>			
Investments in intangible assets	1	(64)	(247)
Investments in tangible assets	2	(2,188)	(1,748)
Change in exchange rate		5,253	(2,049)
Proceeds from disposals		25	149
<b>CASH FLOW USED IN INVESTING ACTIVITIES</b>		<b>3,026</b>	<b>(3,895)</b>
<b>FINANCIAL ACTIVITIES</b>			
Increase of borrowings	13	19,652	1,637
Change in current other financial payables	15	(25,586)	(9,835)
Exchange difference on translation of financial statement in foreign currency		(519)	(989)
Change in current financial assets	10	983	(501)
Interest paid	26	(2,133)	(2,166)
Interest received	26	4,606	4,353
Change in minority shareholders' capital		0	2
Change in translation of financial statement in foreign currency with effect in equity		(11,441)	3,776
Shares buy back		1,001	(262)
Dividend paid		(803)	1,760
<b>CASH FLOW PROVIDED BY FINANCING ACTIVITIES</b>		<b>(14,240)</b>	<b>(2,226)</b>
<b>NET CASH FLOW FOR THE PERIOD</b>		<b>4,237</b>	<b>5,256</b>
CASH AND EQUIVALENT AT THE BEGINNING OF THE PERIOD	11	6,567	5,625
TOTAL NET CASH FLOW FOR THE PERIOD		4,237	5,256
Exchange difference on translation of financial statement in foreign currency		(5,989)	(2,166)
CASH AND EQUIVALENT AT THE END OF THE PERIOD	11	4,815	8,714

## NOTES TO THE INTERIM REPORT ON OPERATION

### GENERAL INFORMATION

The Board of Directors authorized this Interim report of 30 September 2015, to be published on 13<sup>th</sup> November 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 Interim report have been prepared in accordance with IAS 34 *Interim Financial Reporting* , as required by interim financial statements prepared in a " synthetic " form, and under Article. 154 ter of TUF.

The consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group annual financial statements as of 31 December 2014.

The Report on operations is presented in Euros and all amounts in these notes are in thousands of Euros, unless otherwise indicated.

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 cash flow statement has been prepared, how requested by IAS 7, showing the flows during the period classified by operating, investing and financing. Cash flows from operating activities are presented using the "indirect method".

#### Evaluation usage

The compilation of quarterly consolidated financial statement requires the evaluation and the value assuming which affect the assets and the liabilities and the advises related to potential assets and liabilities up to reference date. The collected results could be different from these evaluations. The evaluations are used to point out allowances due to credit risks, warehouse obsolescences, amortizations, asset depreciation, benefits to employees and taxes.

## CONSOLIDATION PRINCIPLES

The following table shows the list of companies included in the scope of consolidation as of 30 September 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 year 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.

## 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 September 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, in force on 30 September 2015, is shown below:

Measurement unit of the notional value	Notional value with maturity within one year (tons)	Notional value with maturity after one year	Result with fair value measurement as of 30/09/2015 - €/000
Tons	225	0	148

- Derivative instruments related to USD forward purchase and sale commitments with maturity after 30 September 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 September 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 30/09/2015 €/000
USD/ Purchases	3,500	0	42
USD/ Sales	574	0	(7)

**FINANCIAL INSTRUMENTS BY CATEGORY**

Financial instruments referring to the items of the financial statements are detailed as follows:

As of 30 September 2015 - €/000	Loans and receivables	Derivatives with a balancing entry in the Income Statement	Derivatives with a balancing entry in shareholders' equity	AFS	Total
<b>Non-current financial assets</b>					
Non-current tax receivables	2,315				2,315
Non-current financial assets and receivables	54			64	118
<b>Current financial assets</b>					
Trade receivables	69,946				69,946
Current tax receivables	1,204				1,204
Receivables due from others	1,867				1,867
Current financial assets	13	190			203
Cash and cash equivalents	4,815				4,815

As of 31 December 2014 - €/000					
<b>Non-current financial assets</b>					
Non-current tax receivables	2,895				2,895
Non-current financial assets and receivables	51			61	112
<b>Current financial assets</b>					
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 September 2015 - €/000	Other financial liabilities	Derivatives with a balancing entry in the Income Statement	Derivatives with a balancing entry in shareholders' equity	Total
<b>Non-current financial liabilities</b>				
Financial payables	22,903			22,903
<b>Current financial liabilities</b>				
Trade payables	23,825			23,825
Other payables	12,234			12,234
Financial payables	27,838	1		27,839

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
<b>Non-current financial liabilities</b>				
Financial payables	3,252			3,252
<b>Current financial liabilities</b>				
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.

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 highlight the assets and liabilities that are measured at fair value as of 30 September 2015 and as of 31 December 2014 in terms of hierarchical level of fair value measurement (€/000):

30/09/2015	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Derivative financial instruments	-	190	-	190
AFS	-	-	64	64
Total assets	-	190	64	254
<b>Liabilities:</b>				
Derivative financial instruments	-	(7)	-	(7)
Total liabilities	-	(7)	-	(7)
31/12/2014	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Derivative financial instruments	-	1,016	-	1,016
AFS	-	-	61	61
Total assets	-	1,016	61	1,077
<b>Liabilities:</b>				
Derivative financial instruments	-	(23)	-	(23)
Total liabilities	-	(23)	-	(23)

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

**COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**1. GOODWILL AND OTHER INTANGIBLE ASSETS**

€/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
<i>Changes during the period</i>					
· Investments	64	-	-	-	64
· Effect of exchange rates	1	(1)	-	-	-
· Reclassifications	-	-	-	-	-
· Depreciation	(46)	(42)	-	-	(24)
<b>Total changes</b>	<b>19</b>	<b>(43)</b>	<b>-</b>	<b>-</b>	<b>(24)</b>
Net carrying amount as of 30/09/2015	90	85	189	2,031	2,395

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	Amortisation method	Production on own account or acquired	Adequacy test to identify any impairment losses
Patent and intellectual property rights	Finite	50%	Acquired	Review of the amortisation method at the time of each reporting date and impairment test in the presence of impairment loss indicators
Authorisations and licenses	Finite	20%	Acquired	Review of the amortisation method at the time of each reporting date and impairment test in the presence of impairment loss indicators
Trademarks and similar rights	Finite	5.56%	Acquired	Review of the amortisation method at the time of each reporting date and impairment test in the presence of impairment loss indicators
Smit Draad Nijmegen BV goodwill	Indefinite	n/a	Acquired	Subject to impairment tests at period end due to the absence of trigger events during the period.

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 September 2015 directors did not find any internal or external 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
<i>Changes during the period</i>							
. Investments	-	7	229	35	118	1,799	2,188
. Effect of exchange rates	18	(740)	(4,513)	(21)	(6)	4	(5,258)
. Reclassifications	(85)	85	46	-	-	(46)	-
. Divestments	-	-	(179)	(37)	(75)	-	(291)
. Depreciation related to disposals	-	-	177	37	69	-	283
. Depreciation of the period	-	(1,000)	(3,275)	(345)	(140)	-	(4,760)
<b>Total changes</b>	<b>(67)</b>	<b>(1,648)</b>	<b>(7,515)</b>	<b>(331)</b>	<b>(34)</b>	<b>1,757</b>	<b>(7,838)</b>
Net carrying amount as of 30/09/2015	11,808	18,037	20,802	795	464	2,199	54,106

The Group's investments in the first nine months of 2015 were € 2.19 million, mostly made by IRCE SpA 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	30/09/2015	30/06/2015	31/12/2014
- Equity investments in other companies	64	66	61
- Other receivables	54	55	51
<b>Total</b>	<b>118</b>	<b>121</b>	<b>112</b>

## 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 1,503 to the value-added tax credit of the Brazilian subsidiary IRCE Ltda.

## 5. DEFERRED TAXES ASSETS AND LIABILITIES

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

€/000	30/09/2015	30/06/2015	31/12/2014
- Deferred tax assets	2,455	2,810	3,014
- Deferred tax liabilities	(1,054)	(1,152)	(1,100)
<b>Total deferred tax assets (net)</b>	<b>1,401</b>	<b>1,658</b>	<b>1,914</b>

Deferred tax assets were recorded in connection with temporary differences between the carrying values of assets and liabilities for accounting purposes and their corresponding values for tax purposes and to the extent that the existence of adequate future tax profit which can allow the use of these differences is deemed probable.

## 6. INVENTORIES

Inventories is detailed below:

€/000	30/09/2015	30/06/2015	31/12/2014
- Raw materials, ancillary and consumables	27,587	31,976	33,424
- Work in progress and semi-finished goods	14,785	15,891	11,748
- Finished products and goods	48,856	50,847	52,971
- Provisions for write-down of raw materials	(2,006)	(2,006)	(2,006)
- Provisions for write-down of finished products	(1,583)	(1,548)	(1,239)
<b>Total</b>	<b>87,639</b>	<b>95,160</b>	<b>94,898</b>

Recognised inventories are not pledged nor used as collateral.

The provisions for write-downs correspond to the amount which is deemed necessary to hedge existing obsolescence risks calculated by writing down slow moving packages and finished products.

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

€/000	31/12/2014	Allocations	Uses	30/09/2015
Provisions for write-down of raw materials	2,006	-	-	2,006
Provisions for write-down of finished products and goods	1,239	344	-	1,583
<b>Total</b>	<b>3,245</b>	<b>344</b>	<b>-</b>	<b>3,589</b>

## 7. TRADE RECEIVABLES

€/000	30/09/2015	30/06/2015	31/12/2014
- Customers/bills receivable	71,809	78,737	74,555
- Bad debts provision	(1,863)	(2,208)	(2,863)
<b>Total</b>	<b>69,946</b>	<b>76,529</b>	<b>71,692</b>

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 the first nine month of 2015:

€/000	31/12/2014	Allocations	Uses	30/09/2015
Bad debt provision	2,863	243	(1,243)	1,863

## 8. CURRENT TAX RECEIVABLES

The item is detailed as follows:

€/000	30/09/2015	30/06/2015	31/12/2014
- Receivables due from income taxes	580	522	440
- VAT receivables	45	35	653
- VAT receivables and taxes for IRCE Ltda	579	501	1,262
<b>Total</b>	<b>1,204</b>	<b>1,058</b>	<b>2,355</b>

## 9. RECEIVABLES DUE FROM OTHERS

The item is detailed as follows:

€/000	30/09/2015	30/06/2015	31/12/2014
- Advances to suppliers	304	379	238
- Accrued income and prepaid expenses	197	288	143
- Receivables due from social security institutions	51	159	103
- Other receivables	1,314	1,211	1,147
<b>Total</b>	<b>1,867</b>	<b>2,037</b>	<b>1,631</b>

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	30/09/2015	30/06/2015	31/12/2014
- Mark to Market copper forward transactions	148	600	726
- Mark to Market USD forward transactions	42	29	290
- Fixed deposit for LME transactions	13	13	170
<b>Total</b>	<b>203</b>	<b>642</b>	<b>1,186</b>

The item "Mark to Market copper forward transactions" refers to the Mark to Market (Fair Value) measurement of copper forward contracts outstanding as of 30/09/2015 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 30/09/2015 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 EQUIVALENT

This item includes bank deposits, cash in hand and valuables.

€/000	30/09/2015	30/06/2015	31/12/2014
- Bank deposits	4,798	6,751	6,551
- Cash on hand and valuables	17	17	16
<b>Total</b>	<b>4,815</b>	<b>6,768</b>	<b>6,567</b>

Short-term bank deposits are remunerated at floating rates. Bank and postal deposits outstanding as of 30 September 2015 are not subject to constraints or restrictions.

## 12. SHAREHOLDERS' EQUITY

### Share capital

The share capital is composed of 28,128,000 ordinary shares for an equivalent of € 14,626,560 without nominal 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	30/09/2015	30/06/2015	31/12/2014
- Own shares (share capital)	(716)	(713)	(999)
- Share premium reserve	40,539	40,539	40,539
- Own shares (share premium)	306	314	(412)
- Other reserves	45,924	45,924	45,924
- Foreign currency translation reserve	(20,682)	(10,257)	(9,186)
- Legal reserve	2,925	2,925	2,925
- Extraordinary reserve	30,885	30,885	30,653
- IAS 19 reserve	(1,106)	(1,106)	(1,160)
- Undistributed profit	13,505	13,505	10,746
<b>Total</b>	<b>111,580</b>	<b>122,016</b>	<b>119,030</b>

### Own Shares

This reserve refers to the nominal value of own shares and the share premium retained by the Company; they are used as deductions of shareholders' equity.

Own shares as of 30 September 2015 amounted to 1,376,212 and correspond to 4.89% of the share capital.

### Share premium reserve

This item refers to the higher issue value compared to the nominal value of the IRCE shares issued at the time of the share capital increase which occurred on occasion of the stock exchange listing in 1996.

The item "Other reserves" refers mainly to:

- Merger surplus reserve (due to cancellation) which arose in the year 2001 following the merger by acquisition of IRCE Cavi S.p.A. and Isolcable S.r.l. into IRCE S.p.A amounting to €/000 6,621.
- Profit reserve to be re-invested in Southern Italy of €/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 September 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 is mainly comprised of retained earnings of the Parent Company.

#### IAS 19 reserve

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

#### Undistributed profit

The reserve for undivided profit primarily refers to subsidiaries' retained earnings.

The distribution of reserves and profit of subsidiaries is not planned.

#### Profit for the period

The profit pertaining to the Group, net of non-controlling interests, is equal to €/000 5,125 (€/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 quota of shareholders' equity of investee companies consolidated with the line-by-line method and pertaining to non-controlling interests.

#### Profit attributable to non-controlling interests

This represents the quota of profit/losses for the period of investee companies consolidated with the line-by-line method and pertaining to non-controlling interests.

### 13. NON-CURRENT FINANCIAL LIABILITIES

€/000	Currency	Rate	Company	30/09/2015	30/06/2015	31/12/2014	Expiration
Banco Popolare	EUR	Floating	IRCE SPA	4,404	4,839	-	2019
CARISBO	EUR	Floating	IRCE SPA	10,000	-	-	2019
Banca di Imola	EUR	Floating	IRCE SPA	5,000	-	-	2019
NAB	CHF	Floating	Isomet AG	3,499	3,697	3,252	2017
<b>Total</b>				<b>22,903</b>	<b>8,5360</b>	<b>3,252</b>	

The increase of non-current financial liabilities is due to an activity of financial debt consolidation

### 14. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are detailed below:

€/000	31/12/2014	Allocations	Uses	30/09/2015
Provisions for risks and disputes	1,381	679	(399)	1,661
Provision for severance payments to agents	294	27	(35)	286
<b>Total</b>	<b>1,675</b>	<b>706</b>	<b>(434)</b>	<b>1,947</b>

The allocation of €/000 679 primarily includes €/000 235 for the risk of returns of packages and reels that were invoiced with a repurchase commitment as well as €/000 407 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. CURRENT FINANCIAL LIABILITIES

The current financial liabilities are detailed below:

€/000	30/09/2015	30/06/2015	31/12/2014
- Payables due to banks	27,832	46,633	53,402
- Payables due for derivative contracts	7	12	23
<b>Total</b>	<b>27,839</b>	<b>46,645</b>	<b>53,425</b>

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 September 2015, of the Dutch subsidiary Smit Draad Nijmegen BV.

With regard to financial liabilities, the overall **net financial position** of the Group, calculated considering the debts to banks, other financial payables, cash and cash equivalents is detailed as follows:

€/000	30/09/2015	30/06/2015	31/12/2014
Cash	4,815	6,768	6,567
Other current financial assets	55*	42*	460*
<b>Liquid assets</b>	<b>4,870</b>	<b>6,810</b>	<b>7,027</b>
Current financial liabilities	(27,839)	(46,645)	(53,415)*
<b>Net current financial debt</b>	<b>(22,969)</b>	<b>(39,835)</b>	<b>(46,387)</b>
Non-current financial liabilities	(22,903)	(8,536)	(3,252)
<b>Non-current financial debt</b>	<b>(22,903)</b>	<b>(8,536)</b>	<b>(3,252)</b>
<b>Net financial debt</b>	<b>(45,872)</b>	<b>(48,371)</b>	<b>(49,639)</b>

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

## 16. TRADE PAYABLES

Trade payables are typically all due in the following 12 months.

As of 30 September 2015, they amount to €/000 23,825, 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.

## 17. TAX PAYABLES

The item is detailed as follows:

€/000	30/09/2015	30/06/2015	31/12/2014
- VAT payables	1,072	1,718	1,394
- Payables due for income taxes	2,175	2,529	571
- Employee IRPEF	299	436	465
- Other payables	31	51	165
<b>Total</b>	<b>3,577</b>	<b>4,734</b>	<b>2,595</b>

## 18. OTHER CURRENT LIABILITIES

Other payables are broken down as follows:

€/000	30/09/2015	30/06/2015	31/12/2014
- Payables due to employees	3,548	3,813	3,566
- Deposits received from customers	2,117	2,115	1,555
- Accrued liabilities and deferred income	242	202	196
- Other payables	983	1,057	1,282
<b>Total</b>	<b>6,890</b>	<b>7,186</b>	<b>6,599</b>

## COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

### 19. REVENUES

These refer to revenues from the sale of goods, net of returns, rebates and the return of packages. Consolidated turnover in the none months of 2015 amounted to €/000 271,697, up 4.3% compared to the previous year (€/000 260,497).

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

### 20. COSTS FOR RAW MATERIALS AND CONSUMABLES

This item 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.

## 21. COSTS FOR SERVICES

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

€/000	30/09/2015	30/09/2014	III° quarter 15	III° quarter 14
- External manufacturing	4,439	4,540	1,239	1,166
- Utility expenses	11,151	10,162	3,510	2,972
- Maintenance	1,303	1,229	561	445
- Transportation expenses	3,796	3,789	1,185	1,180
- Payable fees	331	336	95	91
- Compensation of Statutory Auditors	66	64	22	21
- Other services	3,491	3,095	927	517
- Costs for the use of third-party goods	252	237	84	84
<b>Total</b>	<b>24,829</b>	<b>23,452</b>	<b>7,623</b>	<b>6,476</b>

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.

## 22. PERSONNEL COST

Personnel cost is detailed as follows:

€/000	30/09/2015	30/09/2014	III° quarter 15	III° quarter 14
- Salaries and wages	16,622	15,572	5,432	4,744
- Social security charges	4,188	4,137	1,366	1,260
- Retirement costs for defined contribution plans	1,040	1,015	349	314
- Other costs	2,609	2,249	768	907
<b>Total Personnel Cost</b>	<b>24,459</b>	<b>22,974</b>	<b>7,915</b>	<b>7,225</b>

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 9 months 2015	30/09/2015	31/12/2014
- Executives	20	21	20
- White collars	175	173	178
- Blue collars	545	547	550
<b>Total</b>	<b>740</b>	<b>741</b>	<b>748</b>



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 September 2015 was 741 people.

### 23. DEPRECIATION

Depreciation is as follows:

€/000	30/09/15	30/09/14	III° quarter 15	III° quarter 14
- Intangible asset depreciation	88	102	31	41
- Tangible asset depreciation	4,759	5,228	1,620	1,789
<b>Total</b>	<b>4,847</b>	<b>5,330</b>	<b>1,651</b>	<b>1,830</b>

### 24. ALLOCATIONS AND WRITE-DOWNS

Allocations and write-downs are detailed as follows:

€/000	30/09/15	30/09/14	III° quarter 15	III° quarter 14
- Write-downs of receivables	243	419	14	84
- Allocations for risks	272	309	36	-
<b>Total allocations and write-downs</b>	<b>515</b>	<b>728</b>	<b>50</b>	<b>84</b>

### 25. OTHER OPERATING COSTS

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

### 26. FINANCIAL INCOMES AND CHARGES

Financial income and charges were broken down as follows:

€/000	30/09/15	30/09/14	III° quarter 15	III° quarter 14
- Other financial income	4,606	4,353	1,231	1,816
- Interest and financial charges	(2,133)	(2,166)	(629)	(702)
- Foreign exchange gains / (losses)	1,877	382	303	249
<b>Total</b>	<b>4,350</b>	<b>2,568</b>	<b>905</b>	<b>1,363</b>

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	30/09/15	30/09/14	III° quarter 15	III° quarter 14
- Income from LME derivatives	2,501	2,199	645	365
- Charges on LME derivatives	-	(3)	-	744
<b>Total</b>	<b>2,501</b>	<b>2,196</b>	<b>645</b>	<b>1,109</b>

The item "Income from LME derivatives" included €/000 2,353 from the closing of copper forward contracts of the Parent IRCE SPA during the period, and €/000 148 from the Mark to Market (Fair Value) measurement of said company's copper forward contracts.

## 27. INCOME TAX

€/000	30/09/15	30/09/14	III° quarter 15	III° quarter 14
- Current taxes	2,805	1,621	326	102
- Deferred taxes	46	380	3	43
<b>Total</b>	<b>2,851</b>	<b>2,001</b>	<b>329</b>	<b>145</b>

## 28. RELATED PARTY DISCLOSURES

In compliance with the requirements of IAS 24, the nine months 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	166	174	340

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 as well as on the website [www.irce.it](http://www.irce.it).

There are no other relationships established with related parties.

## 29. COMMITMENTS

The commitments of the Group at the reporting date are shown below.

### Mortgage guarantees

A mortgage which guarantees a loan totalling €/000 1,750 was issued from NAB bank, with maturity in 2017, in relation to the building owned by ISOMET AG.

## 30. EVENTS FOLLOWING THE REPORTING PERIOD

No significant events occurred between the reporting date and the date when the Interim Report are authorised for issue.

## STATEMENT ACCORDING TO ARTICLE 154-BIS D.LGS NO.58/1998

The Executive Manager assigned to draw up the company books, Elena Casadio, declares that the information contained in this quarterly report is an accurate representation of the documents, accounting books and records.