FINANCIAL STATEMENTS AS OF 31 December 2015

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CORPORATE BODIES

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

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

INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A.

RISK CONTROL AND REMUNERATION COMMITTEE

MR GIANFRANCO SEPRIANO
MS FRANCESCA PISCHEDDA
MR ORFEO DALLAGO

INTERNAL CONTROL MANAGER

MR WILMER NERI

SUPERVISORY BODY

MS PAOLA PRETI
MS FRANCESCA PISCHEDDA
MR GIANLUCA PIFFANELLI

CALLING OF ORDINARY SHAREHOLDERS' MEETING

The Shareholders are convened to the Ordinary Shareholders' Meeting, in first call on 28/04/2016 at 11 am at the registered office of the Company and, if required, in the second call scheduled for 05/05/2016, in the same location and time, in order to discuss and resolve on the following

AGENDA

- Separate financial statements as of 31/12/2015 and related reports of the Board of Directors and the Board of Statutory Auditors, and consequent resolutions;
- Presentation of the consolidated financial statements as of 31/12/2015;
- Remuneration report and consequent resolutions;
- Appointment of the Board of Directors for the years 2016-2017-2018 and determination of their annual compensation;
- Proposal for authorisation to acquire and dispose of own shares, methods of acquisition and transfer.

SHARE CAPITAL AND VOTING RIGHTS – The share capital of the Company is equal to Euro 14,626,560 and divided into 28,128,000 ordinary shares. Each ordinary share gives the right to one vote in the ordinary and extraordinary Shareholders' Meetings of the Company. As of the current date, the Company owns 1,404,274 own shares which represent 4.99 % of the share capital, and whose vote is suspended in accordance with Article 2357-ter of the Italian Civil Code.

RIGHT TO ATTEND – In accordance with article 83-sexies of Italian Legislative Decree 58/1998, the right to attend the Shareholders' Meeting and to exercise the voting right is established by a communication addressed to the Company – made by the intermediary, in accordance with its accounting records – in the favour of the owner of voting rights and based on the evidence available at the end of the accounting day of the seventh trading day prior to the date established for the Meeting in first call; credit and debit entries made after this deadline are not applicable for determining the right to exercise the voting right in the Meeting. Those determined to be owners of Company shares only after that date will not be entitled to attend and vote in the Meeting. The Company must receive the above-mentioned communication from the intermediary at least two business days before the first call. The above does not prejudice the right to attend and vote should the Company receive the communication beyond that date but before the beginning of the Meeting in first call.

VOTING BY PROXY – Each Shareholder may appoint a proxy, in accordance with the law and in writing, by signing the proxy form issued upon request of the entitled party by qualified intermediaries or available on the website www.irce.it. The proxy can also be sent via registered mail with receipt of return to the registered office of the Company, or certified e-mail to the address ircespa-pec@legalmail.it, attaching a copy of a valid identification document of the principal.

The Company has appointed as Designated Representative, in accordance with Article 135-undecies of Italian Legislative Decree 58/1998 (Consolidated Financial Act), Ms Stefania Salvini (lawyer), who may be appointed as proxy and receive voting instructions on the condition that she receives this proxy via registered mail with receipt of return to Studio legale Avv. Carlo Zoli, via Mengolina No. 18, 48018 Faenza, Italy, or certified e-mail to avvstefaniasalvini@ordineavvocatibopec.it, by the end of the second trading day prior to the date of the Meeting in first call. The proxy granted in this manner is valid only for proposals for which the principal has provided voting instructions; the principal may revoke the proxy and voting instructions before the above deadline. A proxy form is available on the website www.irce.it.

APPOINTMENT OF THE BOARD OF DIRECTORS – Shareholders holding, on aggregate, at least a 2.5% stake in the Company retain the right to present lists for the appointment of the Board of Directors. These lists must be filed at the registered office of the Company - even by means of a registered letter with receipt of return addressed to the registered office of the Company, or sent by certified email to the address ircespa-pec@legalmail.it- at least twenty five days before the date set for the first call of the Shareholders' Meeting, along with detailed information on the personal and professional characteristics of the candidates as well as declarations in which the individual candidates irrevocably accept their office, on the condition of their appointment, and certify, under their own responsibility, the inexistence of causes for ineligibility and incompatibility, and whether they meet the independence requirements as per Article 148, paragraph 3 of the Consolidated Financial Act, in addition to specifying the identity of the shareholders which presented the list and the overall percentage stake held.

QUESTIONS ON THE TOPICS ON THE AGENDA – Pursuant to Article 27-ter of Italian Legislative Decree 58/1998, Shareholders can present questions on the topics on the agenda even before the Meeting via registered mail with receipt of return to the registered office of the Company or certified e-mail sent to ircespa-pec@legalmail.it. The questions, complete with the personal details of the shareholder asking the question and the certification proving the ownership of the shares, must be delivered to the Company by 10:00 am of the day prior to the date of the Meeting in first call.

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

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

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

Imola, 14 March 2016

REPORT ON OPERATIONS
FOR 2015

Consolidated performance for 2015

Introduction

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

Dear Shareholders,

Compared to the first nine months of the year, in the last quarter, the IRCE Group (hereinafter the "Group") recorded a reduction in sales volumes consistent with market trend and a heavy drop in the price of copper (-13% average 4th quarter 2015 versus 9 months 2015 average). Though with a turnover consistent with 2014 (year 2015 - € 349.93 million, year 2014 - € 350.61 million), this meant lower results than the previous year as a result of stock value adjustment to copper quotations.

Sales of winding wires dropped marginally in volumes compared to 2014, due solely to a European market slowdown; while volumes as a whole have risen on the Brazilian market, despite a drop in the last part of the year. The cable sector, with Europe as its reference market, confirms the positive sales growth trend against last year.

Turnover without metal[1] increased by 2.0%, the winding wire sector fell by 3.3% and the cable sector increased by 28.6%.

In detail:

Consolidated turnover without metal (€/million)	Year 2015		Year 2014		Change
	Value	%	Value	%	%
Winding wires	63.7	*78.8%*	65.9	*83.2%*	*-3.3%*
Cables	17.1	*21.2%*	13.3	*16.8%*	*28.6%*
Total	80.8	*100.0%*	79.2	*100.0%*	*2.0%*

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

Consolidated income statement data (€/million)	Year 2015	Year 2014	Change
Turnover[2]	349.93	350.61	(0.68)
EBITDA[3]	8.24	10.74	(2.50)
EBIT	0.67	2.42	(1.75)
Profit before tax	5.38	6.91	(1.53)
Net profit	2.95	3.80	(0.85)
Adjusted EBITDA[4]	11.26	13.93	(2.67)
Adjusted EBIT[4]	3.69	5.61	(1.92)

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 calculated as the sum of EBITDA and EBIT and the gains/losses on transactions on copper derivatives (€+3.02 million in 2015 and €+3.19 million in 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.

As of 31 December 2015, net financial debt is € 46.23 million, down from € 49.64 million as at 31 December 2014, mainly due to cash flows from operating activities.

Consolidated statement of financial position data (€/million)	As of 31.12.2015	As of 31.12.2014	Change
Net invested capital	177.07	187.36	(10.29)
Shareholders' equity	130.84	137.72	(6.88)
Net financial debt[5]	46.23	49.64	(3.41)

The equity reduction is due to the negative variation in the conversion reserve concerning the Brazilian Real devaluation against the Euro.

Investments

Investments totalled € 4.11 million, up compared to the previous year (€ 2.67 million) and concerned the winding wire sector, mainly for IRCE S.p.A.

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 be lower than expected and that the Brazilian economy will become stagnant. This could keep demand down both in Europe and South America, and in the various end markets, such as the automotive, household appliance and construction markets, which are more exposed to overall economic performance. The Group's medium term policy is to search for new market shares in fast growing areas.

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, Turkey, and Poland.
  As for the foreign currency translation risk, the Group believes this risk concerns mainly the investment in Brazil due to the high volatility of the real, which impacts the investment's carrying amount.

[5] Net financial debt is measured as the sum of short-term and long-term financial liabilities minus 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 defined by Consob Resolution No. 6064293 of 28 July 2006 and CESR recommendation of 10 February 2005.

Here below is a sensitivity analysis that shows the hypothetical accounting effects on the Group's statement of financial position, simulating a +/-5% change in the EUR/BRL exchange rate compared to 31 December 2015 (4.312 EUR/BRL):

Consolidated statement of financial position data €/million	31/12/2015	Change in EUR/BRL exchange rate +5% Change	-5% Change
Non-current assets	61.24	(0.81)	0.89
Current assets	155.71	(0.91)	1.01
TOTAL ASSETS	216.95	(1.72)	1.90
Total Shareholders' Equity	130.83	(1.53)	1.70
Non-current liabilities	31.22	(0.14)	0.16
Current liabilities	54.90	(0.05)	0.04
TOTAL LIABILITIES	216.95	(1.72)	1.90

- *Interest rate risk*

  In 2015, the Group has obtained short and medium / long-term bank financing with floating rates.

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

Consolidated income statement data €/million	Year 2015	Change in interest rates +25 bps Change	-25 bps Change
Turnover	349.93	-	-
EBITDA	8.24	-	-
EBIT	0.67	-	-
Net profit	2.95	(0.09)	0.09

- *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.

  A sensitivity analysis is provided below which shows the effects on the turnover and profit/loss of the Group by simulating a change in the copper price of +/- 5% versus the average LME price in 2015:

Consolidated income statement data €/million	Year 2015	Change in the price of copper +5% Change	-5% Change
Turnover	349.93	11.94	(11.94)
EBITDA	8.24	(0.46)	0.55
EBIT	0.67	(0.46)	0.55

Financial risks
These are risks associated with financial resources.

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

- *Liquidity risk*
  Based on its financial situation, the Group rules out the possibility of difficulties in meeting obligations associated with liabilities. It drew down smaller amounts on its bank credit lines due to the decline in the price of raw materials, especially in the last part of the year.
  The following table shows financial assets and the composition of debts as of 31 December 2015.

Consolidated financial data €/million	Cash	Finimport and self-liquidating lines	Medium to long-term loan	Total
Total assets as of 31.12.2015	5.41	134.60	22.46	162.47

Consolidated financial data €/million	Within 1 year	From 1 to 5 years	Over 5 years	Total
Financial liabilities	33.89	18.46		52.35
Commitments	1.12			1.12
Trade payables and other payables	26.73	5.27	3.42	35.42
Total debt by expiry date	61.74	23.73	3.42	88.89

The table does not include copper purchase commitments, as this is a commodity quoted on the LME market easily disposed of.

As of 31 December 2015, the financial statements included trade receivables for € 65.11 million and inventories for € 79.97 million.

Outlook

2015 showed a considerable reduction in the value of copper. This had a negative impact on Group results. It can be reasonably foreseen that this will not happen again in 2016. At the same time, demand is expected to settle at 2015 volumes with prices stabilising.

Information on IRCE S.p.A. performance

The financial statements of the parent company, IRCE S.p.A., show a turnover of € 228.24 million, higher than the € 220.45 million of the previous year as a result of the higher electric cable sales.

Winding wire sales recorded a slight reduction on 2014, as a result of the drop in the European market demand. The cable sector confirms the positive sales growth trend against last year.

Against this backdrop, the Group posted a profit of € 2.73 million, up from € 1.04 million in 2014.
Intra-group transactions and transactions with related parties

The transactions between the Parent Company and the subsidiaries are of a commercial and financial nature.

For more details, please refer to Note 34 of the separate financial statements and to Note 32 of the consolidated financial statements.

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

Corporate governance

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

In 2015, the Company, together with the Supervisory Body, examined the regulatory changes to determine their potential implications for the company.

The following are the novelties of the period:

- Law 186/2014 of 15 December 2014 came into force on 1 January 2015. Its provisions aim to boost the disclosure and repatriation of capital held abroad, together with other measures to strength the fight against evasion. Amongst these, introduction of Article 648 ter.1 of the Italian Penal Code with the self-laundering offence, added to those mentioned in Article 25-octies of Legislative Decree 231/2001;
- Law 68/2015 of 22 may 2015 came into force on 29 May 2015 providing "Provisions against environmental crimes", which amended Article 25-undecies of Legislative Decree 231/2001, introducing new offences and conditions suitable to trigger corporate liabilities. Amongst these: Environmental Pollution, Environmental Disaster, Unintentional Environmental Offences, Aggravated Crimes of Association, Traffic and Abandonment of Highly Radioactive Material;
- Law 69/2015 of 27 May 2015 came into force on 14 June 2015 providing "Provisions on Crimes Against the Public Administration, Mafia-Type Associations and False Accounting", which amended Article 25-ter, paragraph 1, letter a) of Legislative Decree 231/2001. The Law amended the crime of False corporate communications pursuant to Article 2621 of the Italian Civil Code, introducing minor crimes of False corporate communications pursuant to Article 2621-bis of the Italian Civil Code and False corporate communications of listed companies pursuant to Article 2622 of the Italian Civil Code.

The Company is updating its Organisational and Risk Assessment Model, which will be submitted to the Supervisory Body's assessment and to the Board of Directors' approval.

Own shares and shares of the parent company

The number of own shares as of 31/12/2015 was 1,376,212, i.e. 4.89% of total shares and equal to a nominal value of €/000 716. As of 31.12.2015, the Company does not own shares in the parent company Aequafin S.p.A., nor did it trade in them during 2015.

R&D activities

Research and development activities in 2015 focused on projects to improve processes and products.
This year, R&D expenses were recognised in the income statement, as they are not certain to be recovered in the future through future profits.

Other information

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

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

Events following the reporting date

No significant events occurred between the end of financial year 2015 and today's date.

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

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

	31 december 2015	
(in thousands of Euros)	**Shareholders' equity**	**Result**
Shareholders' equity and result for the year as per the parent Company's financial statement	**140,946,506**	**2,725,637**
Cancellation of book value of consolidated equity investments		
a) differnce between book value and pro-rata value of shareholders' equity	8,418,074	
b) investees' pro-rata results	(1,752,798)	(1,752,798)
c) book value and capital gains (loss) recognised at the acquisition data of the investees	2,031,387	
Reversal of write-dowm of equity investments in subsidiaries	1,995,943	1,995,943
Foreign currency translation of financial statements in currencies other than euro	(19,249,180)	
Write-off of capital gains from disposal of intra-group assets	(106,912)	62,326
Deferred taxes IRCE SL and Magnet Wire	(1,518,806)	(97,203)
Write-off of unrealized intra-group margin	(195,681)	15,744
Group shareholders' equity and result for the year	**130,568,538**	**2,949,649**
Shareholders' equity and result for the year attributable to non-controlling interests	265,886	(1,146)
Consolidated shareholders' equity and net result	**130,834,423**	**2,948,503**

Dear Shareholders,

We invite you to approve the separate financial statements of IRCE S.p.A. as of 31/12/2015, reporting a profit of € 2,725,637.

We propose to approve the distribution of a € 0.03 dividend per share, to be paid out of the profit of the year, with ex-dividend date on 23 May 2016, record date on 24 May 2016, and payment date on 25 May 2016. In addition, we propose to allocate the remaining net profit after the payment of the dividends to the Extraordinary Reserve.

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

Imola, 14 March 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(IN UNITS OF EURO)

ASSETS	Notes	31.12.2015	31.12.2014
NON-CURRENT ASSETS			
Goodwill and other intangible assets	1	2,378,476	2,418,905
Property, plant and equipment	2	50,706,211	59,878,553
Equipment and other tangible fixed assets	2	1,236,816	1,623,962
Fixed assets under construction and advances	2	2,957,721	441,920
Non-current financial assets and receivables	3	120,874	111,858
Non-current tax receivables	4	1,330,996	2,894,722
Deferred tax assets	5	2,504,948	3,013,664
TOTAL NON-CURRENT ASSETS		**61,236,042**	**70,383,584**
CURRENT ASSETS			
Inventories	6	79,967,782	94,897,885
Trade receivables	7	65,108,753	71,691,779
Current tax receivables	8	2,935,873	2,354,565
Receivables due from others	9	1,987,463	1,631,323
Current financial assets	10	314,482	1,185,817
Cash and cash equivalents	11	5,401,842	6,567,380
TOTAL CURRENT ASSETS		**155,716,195**	**178,328,749**
TOTAL ASSETS		**216,952,237**	**248,712,333**

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31.12.2015	31.12.2014
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	12	14,626,560	14,626,560
RESERVES	12	112,993,474	119,029,666
PROFIT FOR THE PERIOD	12	2,948,503	3,794,509
TOTAL SHAREHOLDERS' EQUITY OF THE GROUP		**130,568,537**	**137,450,735**
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**265,886**	**264,740**
TOTAL SHAREHOLDERS' EQUITY		**130,834,423**	**137,715,475**
NON-CURRENT LIABILITIES			
Non-current financial liabilities	13	22,461,891	3,251,830
Deferred tax liabilities	5	991,376	1,099,952
Provisions for risks and charges	14	2,035,769	1,675,283
Employee benefits' provisions	15	5,735,559	5,954,529
TOTAL NON-CURRENT LIABILITIES		**31,224,595**	**11,981,594**
CURRENT LIABILITIES			
Current financial liabilities	16	29,183,770	53,424,816
Trade payables	17	14,917,943	34,290,234
Tax payables	18	2,347,197	2,595,190
Social security contributions	19	2,007,135	2,105,954
Other current liabilities	20	6,437,174	6,599,070
TOTAL CURRENT LIABILITIES		**54,893,219**	**99,015,264**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**216,952,237**	**248,712,333**

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

CONSOLIDATED INCOME STATEMENT

(IN UNITS OF EURO)

	Notes	31.12.2015	31.12.2014
Revenues	21	349,928,648	350,611,474
Other revenues and income	22	643,586	1,137,898
(of which: non-recurring)		-	*373,334*
TOTAL REVENUES		**350,572,234**	**351,749,372**
Costs for raw materials and consumables	23	(266,905,870)	(280,221,132)
Change in inventories of work in progress and finished goods		(8,828,969)	3,778,765
Costs for services	24	(32,961,127)	(31,602,065)
Personnel costs	25	(32,368,625)	(31,571,134)
Amortisation/depreciation	26	(6,600,975)	(7,310,197)
Provisions and write-downs	27	(965,716)	(1,017,405)
Other operating costs	28	(1,272,405)	(1,389,837)
EBIT		**668,547**	**2,416,367**
Financial income / (charges)	29	4,710,030	4,491,301
(of which: non-recurring)		-	-
PROFIT BEFORE TAX		**5,378,577**	**6,907,668**
Income taxes	30	(2,428,928)	(3,114,753)
PROFIT BEFORE NON-CONTROLLING INTERESTS		**2,949,649**	**3,792,915**
Non-controlling interests		1,146	(1,594)
PROFIT FOR THE PERIOD		**2,948,503**	**3,794,509**

Earnings/(loss) per share (EPS)			
- basic EPS for the year attributable to ordinary shareholders of the parent company	31	0.1105	0.1447
- diluted EPS for the year attributable to ordinary shareholders of the parent company	31	0.1105	0.1447

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	31.12.2015	31.12.2014
€/000		
PROFIT / (LOSS) BEFORE NON-CONTROLLING INTEREST	**2,950**	**3,793**
Foreign currency translation difference	(10,064)	1,548
Net profit / (loss) from Cash Flow Hedge	-	30
Income taxes	-	(8)
	-	22
Total other profit / (loss); net of tax which may be subsequently reclassified to profit / (loss) for the period	**(10,064)**	**1,570**
Net profit / (loss) - IAS 19	54	(541)
Income taxes	(19)	129
	35	(412)
Total other profit / (loss) net of tax, which will not subsequently reclassified to profit / (loss) for the year	**35**	**(412)**
Total profit / (loss) from statement of comprehensive income, net of taxes	**(10,029)**	**1,158**
Total comprehensive profit / (loss), net of taxes	**(7,079)**	**4,951**
Ascribable to:		
Sharelders of the parent company	**(7,080)**	**4,953**
Minority Shareholders	**1**	**(2)**

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	Extraordinar 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 period												3,795	3,795	(2)	3,793
Other comprehensive profit/(loss)						1,548			22	(412)			1,158		1,158
Total profit / (loss) from statement of comprehensive income						**1,548**			**22**	**(412)**		**3,795**	**4,953**	**(2)**	**4,951**
Allocation of the result of the previous year								857			(746)	(111)			
Other movements											(4)		(4)	3	(1)
Dividends								(262)					(262)		(262)
Sell/purchase own shares		(3)		(6)									(9)		(9)
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**	**137,451**	**265**	**137,715**
Result for the period												2,949	2,949	1	2,950
Other comprehensive profit/(loss)						(10,064)				35			(10,029)		(10,029)
Total profit / (loss) from statement of comprehensive income						**(10,064)**				**35**		**2,949**	**(7,080)**	**1**	**(7,079)**
Allocation of the result of the previous year								1,035			2,759	(3,795)			
Dividends								(803)					(803)		(803)
Sell/purchase own shares		283		718									1,001		1,001
Balance as of 31 december 2015	**14,627**	**(716)**	**40,539**	**306**	**45,924**	**(19,250)**	**2,925**	**30,885**		**(1,125)**	**2,759**	**2,949**	**130,569**	**266**	**130,834**

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

CONSOLIDATES STATEMENT OF CASH FLOWS	Note	31/12/2015	31/12/2014
€/000			
OPERATING ACTIVITIES			
Profit for the year		**2,949**	**3,795**
Adjustmenrts for:			
Amortization/depreciation	26	6,601	7,310
Net change in (assets) provision for (advance) deferred taxes	5	400	711
(Gains)/losses from sell-off of fixed assets		(23)	(391)
(gains)/losses on unrealized translation differences		100	(734)
Taxes	30	2,474	2,183
Financial income/(charge)	29	(2,850)	(3,283)
Operating profit/(loss) before change in working capital		**9,651**	**9,591**
Taxes paid		(2,250)	(1,296)
Decrease (increase) in inventory	6	14,930	(12,381)
(Increase) decrease in current assets and liabilities		(12,993)	14,648
(increase) decrease in non-current assets and liabilities		141	658
Exchange difference on translation of financial statement in foreign currency		(5,609)	177
CASH FLOW GENERATED BY OPERATING ACTIVITIES		**3,870**	**11,396**
INVESTING ACTIVITIES			
Investments in intangible assets	1	(76)	(58)
Investments in tangible assets	2	(4,037)	(2,614)
Amount collected fromsale of tangible and intangible assets		26	748
CASH FLOW USED IN INVESTMENTS		**(4,087)**	**(1,924)**
FINANCIAL ACTIVITIES			
Borrowing refunds	13	19,210	(2,204)
Increase in funding	16	(24,241)	(9,146)
Exchange difference on translation of financial statement in foreign currency		(35)	67
Change in current financial assets	10	871	(566)
Payment og interest		(2,903)	(2,669)
Receipt of interest		5,753	5,952
Change in minority shareholders' capital		1	0
Dividend paid		(803)	(262)
Change in translation of financial statements in foreign currency with effect in shar	12	35	37
Sell/purchase own shares		1,001	(9)
CASH FLOW GENERATED FROM FINANCIAL TRANSACTION		**(1,110)**	**(8,800)**
NER CASH FLOW FOR THE PERIOD		**(1,328)**	**671**
CASH BALANCE AT START OF YEAR	11	6,567	5,625
TOTAL NET CASH FLOW FOR THE PERIOD		(1,328)	671
EXCHANGE DIFFERENCE		163	271
CASH BALANCE AT THE END OF YEAR	11	5,402	6,567

ACCOUNTING STANDARDS AND EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2015

GENERAL INFORMATION

These annual consolidated financial statements as of 31 December 2015 were authorised for publication by the Board of Directors of IRCE S.p.A. (henceforth also referred to as the "Company") on 14 March 2016.
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 in Italy are located in Imola (Bologna), Guglionesi (Campobasso), Umbertide (Perugia) and Miradolo Terme (Pavia); foreign locations include Nijmegen (NL) - the registered office of Smit Draad Nijmegen BV -, Blackburn (UK) - the registered office of FD Sims Ltd -, Joinville (SC – Brazil) - the registered office of IRCE Ltda -, Kochi (Kerala – India) - the registered office of Stable Magnet Wire P.Ltd. - and Kierspe (D) - the registered office of Isodra GmbH.
Distribution activities are carried out through agents and the following commercial subsidiaries: Isomet AG in Switzerland, DMG GmbH in Germany, Isolveco S.r.l. in Italy, IRCE S.L. in Spain, IRCE Kablo Ve Tel Ltd in Turkey and IRCE SP.ZO.O in Poland.

BASIS OF PREPARATION

The annual financial statements for the year 2015 were prepared in accordance with the IFRSs (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) and endorsed by the European Union. The term IFRS also refers to all revised International Accounting Standards ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC).

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

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

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

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Parent Company IRCE S.p.A. and those of the subsidiaries, prepared as of 31 December 2015. The financial statements of the subsidiaries were prepared by adopting the same accounting standards used by the parent company. The main consolidation criteria adopted in drafting of the consolidated financial statements are as follows:

- Subsidiaries are consolidated from the date on which control was effectively transferred to the Group and cease to be consolidated on the date on which control is transferred outside of the Group; this control exists when the Group has the power, either directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.
- The subsidiaries were consolidated using the line-by-line method; this technique consists in recognising all financial statement items in full, regardless of the Group's investment in the subsidiary. Any non-

controlling interest is reported separately in the Statement of Financial Position and the Income Statement when determining Shareholders' Equity and the Group's result for the period.

- The carrying amount of equity investments was eliminated against the relevant assets acquired and liabilities assumed.
- All intra-group balances and transactions, including any unrealised gains arising transactions between companies of the Group, are eliminated in full.
- With regard to the foreign currency translation of the financial statements of companies with functional currencies other than the one used for the consolidated financial statements, the amounts in the statement of financial position and income statement of all companies of the Group reported in functional currencies other than the one used for the consolidated financial statements (Euro) are translated as follows:
  - the assets and liabilities in each reported Statement of financial position are translated using the exchange rates at the reporting date;
  - the revenues and costs in each income statement are translated using the average exchange rates for the period;
  - all resulting exchange rate differences are recognised in a specific item of shareholders' equity (foreign currency translation reserve).

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

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

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

ASSESSMENT CRITERIA AND ACCOUNTING STANDARDS APPLIED

The accounting and consolidating standards applied when drawing up these consolidated Financial Statements are consistent with those applied to draw up the consolidated Financial Statements as of 31 December 2014, except for the new accounting standards, amendments and interpretations applicable as of 1 January.
Accounting standards, amendments and interpretations approved by the European Union, applicable from 1 January 2015, applied for the first time to the consolidated financial statements of the IRCE Group closed as of 31 December 2015.

• IFRIC 21 - Levies. The interpretation providing clarification on when to enter a liability connected to taxes imposed by a government body was published on 20 May 2013. This applies to both taxes entered in the accounts in compliance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, and for taxes of certain timing and amount. More specifically, it establishes that a liability must be acknowledged when the event occurs, normally specified in the legislation introducing a new tax/duty, generating an obligation, even if measured on past performances. The interpretation would have been applicable retroactively, after approval, as of periods starting on 1 January 2014. The approval process which ended with publication in the Official Gazette on 14 June 2014 delayed application by the European Union and was applicable for periods starting from 17 June 2014 or later (for the IRCE Group from 1 January 2015). That interpretation did not affect the Group.

• "Annual Improvements to IFRSs: 2011-2013 Cycle" - published in December 2013, which reflects changes made to the standards as part of their annual improvement process. The main amendments concern the IAS/IFRS standards and the following subjects: IFRS 1 First-time Adoption of International Financial Reporting Standards - Meaning of "effective" IFRS; IFRS 3 – Business Combinations - Scope exception for joint ventures; IFRS 13 Fair Value Measurement - Scope of portfolio exception; IAS 40 Investment Property - Interrelationship between IFRS 3 and IAS 40. The European Union approval process ended with the publication of the amendments in the Official Gazette on 19 December 2014. Amendments are applicable as of periods starting on 1 July 2014 or later (for the IRCE Group from 1 January 2015). Those improvements did not affect the Group.

• "Annual Improvements to IFRSs: 2010-2012 Cycle" - published on 12 December 2013, which reflects changes made to the standards as part of their annual improvement process.

The main amendments concern the IAS/IFRS standards and the following subjects: IFRS 2 Share-based Payment - Definition of vesting condition; IFRS 3 Business Combinations - Counting for contingent consideration; IFRS 8 Operating Segments - Aggregation of operating segments; IFRS 8 Operating Segments - Reconciliation of the total of reportable segment assets to entity's assets; IFRS 13 Fair Value Measurement - Short-term receivables and payables; IAS 16 Property, Plants and Equipment and IAS 38 Intangible assets – Revaluation method: proportionate restatement of accumulated depreciation/amortization; IAS 24 Related Party Disclosures - Key management personnel. The European Union approval process ended with the publication of the amendments in the Official Gazette on 09 January 2015. Amendments are applicable as of periods starting on 1 July 2014 or later (for the IRCE Group from 1 January 2015). Those improvements did not affect the Group.

. Amendments to IAS 19 - Defined Benefit Plans. Employee Contributions. On 21 November 2013, the IASB published some minor amendments to IAS 19 - Benefits to employees concerning the accounting for contributions from employees or third parties to defined benefit plans can be, in specific cases, recognised as a reduction in the service cost of the period. The European Union approval process ended with the publication of the amendments in the Official Gazette on 09 January 2015. Amendments are applicable as of periods starting on 1 July 2014 or later (for the IRCE Group from 1 January 2015).

That interpretation did not affect the Group.

Accounting standards, amendments and interpretations approved by the European Union, applicable from 1 January 2016, but not adopted in advance by the IRCE Group.

• Accounting for acquisition of interests in joint operations (amendments to IFRS 11): the amendment published in May 2014 and approved by the European Union in November 2015 aims at clarifying the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. In application of IFRS 3 the investor must measure assets and liabilities acquired at fair value, report expenses linked to the operation, establish the deferred fiscal impact arising from re-allocation of the price paid for values acquired and, lastly, identify any goodwill as a residual element arising from exercising the Purchase Price Allocation described. Applying the amendment is not expected to have any effects on the Group.

• Amendments to IAS 16 and IAS 41 applicable to fruit-bearing plants: the amendment published in June 2014 and approved by the European Union in November 2015 aims at amending measurement of assets represented by fruit-bearing plants (e.g. vines, rubber trees, palm oil, etc.), which are to be included in tangible assets (IAS 16) and excluded by biological assets (IAS 41). Applying those amendments is not expected to have any effects on the Group.

• Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38): the amendment published in May 2014 and approved by the European Union in December 2015 intends to clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. This is because such methods reflects a pattern of generation of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of consumption of an asset's expected future economic benefits. Applying the amendment is not expected to have any effects on the Group.

• "Annual Improvements to IFRSs: 2012-2014 Cycle" - Document published in September 2014 and approved by the European Union in December 2015 which implements amendments to standards as part of their annual improvement process. The main amendments concern the IAS/IFRS standards and the following subjects: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Amendments to a selling program or a distribution to shareholders program; IFRS 7 Financial Instruments: Disclosures - Residual involvement; IFRS 1 First-time Adoption of the IFRS - Additional information related to financial instruments; IAS 19 Employee Benefits - Actuarial assumptions: discount rate; IAS 34 Interim financial reporting - More additional information. Applying those improvements to principles is not expected to have any effects on the Group.

• Clarification to information (IAS 1): the amendment published in December 2014 and approved by the European Union in December 2015 introduces a number of clarifications and concepts referred to the relevance, method of aggregation and presentation of partial results, the structure of the notes, illustration of accounting standards effectively applied. That principle only affects the presence of information and does not affect the main indicators.

• Amendments to IAS 27 - Equity Method in Separate Financial Statements: the amendment published in August 2014 and approved by the European Union in December 2015 reinstate the equity method, in addition to the other methods provided for (cost, IFRS 9/IAS 39) as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The company is analysing whether to adopt the equity method in assessing subsidiaries as of 2016. That method change would imply a substantial alignment of equity and consolidated result for the period.

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

• IFRS 14 - Regulatory Deferral Accounts. On 30 January 2014, the IASB published the document as a first step in the vast Rate-regulated activities project, undertaken by the IASB in September 2012. IFRS 14 permits an entity which is a first-time adopter of IFS to continue to account for assets/liabilities in accordance with the previous accounting standards adopted. In order to improve comparability with entities already using the IFRS and not entering those amounts separately, the standard requires that the rate-regulated activities effect must be entered separately in the statement of financial position and statement of profit or loss and other comprehensive income. IASB foresees adoption of the document in 2016.

On a first examination, any future adoption of the standard should not have a significant effect on the Group's financial statements.

• IFRS 15 - Revenue from Contracts with Customers. On 28 May 2014, the IASB issued the document which requires an entity to recognise revenue when control of goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for said products or services. For this purpose, the new revenue recognition model establishes a process in five steps. Furthermore, the new standard requires additional disclosures on the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On a first examination, any future adoption of the standard should not have a significant effect on the Group's financial statements.

• IFRS 9 - Financial Instruments. On 24 July 2014, the IASB published the final document concluding the review process of IAS 39, which is divided into three stages: "Classification and Measurement", "Impairment" and "General Hedge accounting".

The document introduces new criteria to the classification and measurement for financial assets. In particular, for financial assets, the new standard uses a single approach based on financial instrument management methods and on the characteristics of contractual cash flows of the financial assets themselves to calculate the evaluation criterion, replacing the different rules established by IAS 39. For financial liabilities, the main change introduced concerns book handling of the variations to the "fair value" of a financial liability designated as assessed at "fair value" through the income statement, if these are due to the variation on the credit merit of the financial liability itself. Based on the new standard, those variations must be entered in the other components of the overall income statement, no longer passing through the income statement. The main novelties concerning "hedge accounting" are:

- Amendments to the type of transactions suited to hedge accounting; in particular, extending the non-financial asset/liability risks suitable for being managed in hedge accounting;

- Change in the method used to record forward contracts and options included in a hedge accounting report, to reduce income statement volatility;
- Amendments to the effectiveness test by replacing the current methods based on the 80-125% parameter with the "economic ratio" standard between the item hedged and the hedging instrument. Assessment of the retrospective effectiveness of the hedging ratio will no longer be required;
- The greater flexibility of recording rules is balanced by the additional requests for information on the risk management activities implemented by the company. The new document includes a single model for impairment of financial assets based on expected losses. IASB foresees adoption in 2018.

On a first examination, any future adoption of the standard should not have a significant effect on the Group's financial statements.

• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Asset between an Investor and its Associate or Joint Venture (issued on 11 September 2014). The document aims to solve a conflict of interest between provisions in IFRS 10 and in IAS 28 if an investor sells or contributes a business to its own associated company or joint venture, foreseeing registration of capital gains or losses resulting from the loss of control in full at the time of business sale or contribution, or partial if only single assets are involved. On 17 December 2015, the IASB deferred adoption to a date to be defined.

On a first examination, any future adoption of those standards should not have a significant effect on the Group's financial statements.

• Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (issued on 18 December 2014). The document foresees that investment entities that come under the standard's definition are exempted from presenting the consolidated financial statements and must valorise associated companies using the fair value assessment set forth in IFRS 9. IASB foresees adoption in 2016.

On a first examination, any future adoption of those standards should not have a significant effect on the Group's financial statements.

• IFRS 16 – Leases. In January 2016, the IASB published the document for initial identification, measurement, presentation and information of leasing contracts for both contractual parties. That document replaces standard IAS 17 Leasing. It is not applicable to service agreements but only for leases or the other leasing components of other contracts. The standard defines leasing as a contract transferring to the client (lessee) the right to use an asset for a period of time in exchange for a fee. The new standard eliminates the classification between financial leasing and operative leasing and introduces a registration model which establishes entering assets and liabilities for all leases lasting more than 12 months and a separate entry in the income statement for depreciation and interest payable. For the lessor, registration does not vary significantly to what is set forth in IAS 17. IASB foresees adoption in 2019.

Considering the document has only recently been approved, an analysis of the impact on the Company and Group has not yet been performed.

On 19 January 2016, the IASB issued some amendments to IAS 12 – "Income Taxes". The amendment clarifies how to register assets for deferred taxes related to indebtedness instruments measured at fair value. Those amendments come into force on 1 January 2017.

On a first examination, any future adoption of the standard should not have a significant effect on the Group's financial statements.

On 29 January 2016, the IASB issued some amendments to IAS 7 – "Statement of Cash Flows". The amendment requires that the financial statements provide information on changes to financial liabilities in order to improve information provided to investors to help them understand the variations suffered by those debts better. Those amendments come into force on 1 January 2017. On a first examination, any future adoption of the standard should not have a significant effect on the Group's financial statements.

The standards listed are not applicable, as they have not yet been approved by the European Union. During the approval process, the latter could implement them only in part or not at all.

Foreign currency translation of financial statement items

The consolidated financial statements are presented in Euro, which is the functional and presentation currency of the Group. Each entity of the Group determines its functional currency, which is used to measure the items in the individual financial statements. Foreign currency transactions are initially recognised at the spot exchange rate (referring to the functional currency) at the date of the transaction. Monetary assets and liabilities, denominated in foreign currency, are translated into the functional currency at the spot exchange

rate at the reporting date. All exchange rate differences are recognised through profit or loss. Non-monetary items measured at their historical cost in a foreign currency are translated using the spot exchange rates at the date of the initial recognition of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rate at the measurement date.
The subsidiaries using a functional currency other than the Euro are listed in the following table:

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

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

Tangible fixed assets

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

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

Intangible fixed assets

Intangible fixed assets are recognised under assets, in accordance with the provisions of IAS 38 (Intangible Assets) when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be determined in a reliable manner.
Intangible fixed assets that are acquired separately are initially capitalised at cost, while those acquired through business combination transactions are capitalised at their fair value at their acquisition date. After initial recognition, intangible fixed assets are measured at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible fixed assets, with the exception of development costs, are not capitalised and are recognised in profit or loss as incurred. The Group capitalises development costs only when there is reasonable certainty they will be recovered. The useful life of intangible fixed assets is either finite or indefinite. Intangible assets with a finite useful life are amortised over their

useful life and tested for impairment whenever there is an indication of a potential impairment loss. The amortisation period and the amortisation method applied are reviewed at the end of each financial year or more frequently, if necessary. Changes in the expected useful life, or in the manner the Group obtains the future economic benefits associated with the intangible asset, are recognised by modifying the amortisation period or the amortisation method and treated as changes in accounting estimates. The amortisation charges for intangible assets with finite useful lives are recognised in profit or loss within the cost category that is consistent with the function of the intangible asset.
Gains or losses arising from the disposal of an intangible fixed asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible fixed asset, and are recognised in profit or loss when the fixed asset is disposed of.

Business combinations and goodwill

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

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

Financial fixed assets

Equity investments

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

Inventories

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

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

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

Trade receivables and other receivables

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

Cash and cash equivalents

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

Financial payables and liabilities

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

Derecognition of financial assets and liabilities

Financial assets

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

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

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

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

Financial liabilities

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

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

Provisions for risks and charges

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

Employee Benefits

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

Derivative financial instruments

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

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

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

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

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

Own shares

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

Recognition of revenues

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

Sale of goods

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

Interest

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

Dividends

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

Costs

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

Financial income and charges

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

Earnings per share

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

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

Income taxes

Current taxes

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

Deferred tax assets and liabilities

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

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

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

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

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

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

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

Use of estimates

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

DERIVATIVE INSTRUMENTS

The Group utilises the following type of derivative instruments:

- Derivative instruments related to copper forward transactions with maturity after 31 December 2015. The Group entered into sale contracts to hedge against price decreases relating to the availability of raw materials, and purchase contracts to prevent price increases relating to sale commitments with fixed copper values. The fair value of copper forward contracts outstanding at the reporting date is determined on the basis of forward prices of copper with reference to the maturity dates of contracts outstanding at the reporting date. These transactions do not satisfy the conditions required for recognising these instruments as hedging instruments for the purposes of hedge accounting.

A summary of derivative contracts related to commodities (copper) for forward sales and purchases outstanding at 31 December 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 31/12/2015 €/000
Tons/Purchases	1,150	0	(27)
Tons/Sales	(1,625)	0	330

FINANCIAL INSTRUMENTS BY CATEGORY

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

As of 31 December 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	1,331				1,331
Non-current financial assets and receivables	51			61	121
Current financial assets					
Trade receivables	65,109				65,109
Current tax receivables	2,936				2,936
Receivables due from others	1,987				1,987
Current financial assets	11	303			314
Cash and cash equivalents	5,402				5,402

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

As of 31 December 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	22,462			22,462
Current financial liabilities				
Trade payables	14,918			14,918
Other payables	10,792			10,792
Financial payables	29,184			29,184

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 reveal significant differences.
IFRS 7 defines the following three levels of fair value for measuring the financial instruments recognised in the statement of financial position:

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

The following tables shows the assets and liabilities that are measured at fair value as of 31 December 2015 and as of 31 December 2014 broken down by level of fair value hierarchy (€/000):

2015	Level 1	Level 2	Level 3	Total
Assets:				
Derivative financial instruments	-	303	-	303
AFS	-	-		-
Total assets	-	303		303
Liabilities:				
Derivative financial instruments	-	-	-	-
Total liabilities	-	-	-	-

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

SEGMENT REPORTING

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

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

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

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

€/000	2015				2014			
	Winding wires	Cables	Not allocated	Total	Winding wires	Cables	Not allocated	Total
Revenues	282,801	67,120	8	349,929	294,836	55,736	38	350,611

€/000	2015				2014			
	Italy	EU (Italy not included)	Non-EU	Total	Italy	EU (Italy not included)	Non-EU	Total
Revenues	116,265	156,424	77,240	349,929	105,431	167,556	77,624	350,611

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	76	-	-	-	76
. Effect of exchange rates	2	-	-	-	2
. Reclassifications	-	-	-	-	-
. Amortisation/ depreciation	(63)	(56)	-	-	(119)
Total changes	15	(56)	-	-	(41)
Net carrying amount as of 31.12.2015	86	72	189	2,031	2,378

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

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

The goodwill recognised in the financial statements of the IRCE Group refers to the higher amount paid at the time of the acquisition of the equity investment in Smit Draad Nijmegen. This amount was tested for impairment projecting the cash flows estimated in the most recent business plan, which Management approved separately and prior to these financial statements. The business plan, which was prepared in nominal terms, was drafted over a period of five years and reflects past experience while excluding any flows deriving from the restructuring, optimisation or improvement of operations. The terminal value of the cash-generating unit (CGU) was estimated on the basis of a constant cash flow (equal to the flow of the fifth period) over an infinite time period. The overall nominal WACC, net of the tax effect, used in the test was equal to 5.8%; the market risk premium inherent in the cost of equity was equal to 6.1% and is common among companies in the sector. The projection used a growth rate (g) which was equal to 0.0%. The test did not indicate the need to adjust the reported amount. The rates used were determined by taking into account the market rates on the basis of the current economic situation.

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

(g)=0.0%		WACC	
€/000	5.3%	5.8%	6.3%
Enterprise value	21,918	20,125	18,617
NIC carrying amount as of 31-12-2015	18,286	18,286	18,286
Difference between enterprise value and carrying amount	3,632	1,839	331

(g)=0.5%		WACC	
€/000	5.3%	5.8%	6.3%
Enterprise value	23,632	21,514	19,761
NIC carrying amount as of 31-12-2015	18,286	18,286	18,286
Difference between enterprise value and carrying amount	5,346	3,228	1,475

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

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

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

2. TANGIBLE ASSETS

€/000	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Fixed assets under construction and advances	Total
Net carrying amount as of 31.12.2013	11,786	20,827	30,753	947	562	1,373	66,249
Changes during the period							
. Investments	-	108	1,458	677	154	217	2,614
. Effect of exchange rates	89	315	181	6	1	7	599
. Reclassifications	-	-	1,098	30	-	(1,128)	-
. Divestments	-	(528)	(723)	(23)	(308)	(27)	(1,609)
. Depreciation related to disposals	-	317	620	17	298	-	1,252
. Depreciation of the year	-	(1,354)	(5,070)	(528)	(209)	-	(7,161)
Total changes	89	(1,142)	(2,436)	179	(64)	(931)	(4,305)
Net carrying amount as of 31.12.2014	11,875	19,685	28,317	1,126	498	442	61,944

€/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	-	21	1,119	173	125	2,599	4,037
. Effect of exchange rates	53	(574)	(4,048)	(17)	(5)	5	(4,586)
. Reclassifications	(85)	67	106	-	-	(88)	-
. Divestments	-	-	(4,367)	(161)	(85)	-	(4,613)
. Depreciation related to disposals	-	-	4,362	160	79	-	4,601
. Depreciation of the year	-	(1,328)	(4,498)	(466)	(190)	-	(6,482)
Total changes	(32)	(1,814)	(7,326)	(311)	(76)	2,516	(7,043)
Net carrying amount as of 31.12.2015	11,843	17,871	20,991	815	422	2,958	54,901

Investments totalled € 4.04 million and concerned the winding wire sector, mainly for IRCE S.p.A. Divestments refer primarily to machinery no longer in use and depreciated in full.

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

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

3. NON-CURRENT FINANCIAL ASSETS AND RECEIVABLES

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

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

The item "equity investments in other companies" refers primarily to a shareholding held in the Indian subsidiary Stable Magnet Wire P. Ltd which, in the absence of a market value, is valued at cost.

4. NON-CURRENT TAX RECEIVABLES

This item refers for €/000 812 to the tax credit related to the 2007-2011 IRES (corporate income tax) reimbursement claim, in compliance with Article 2, paragraph 1-quater, of Italian Law Decree No. 201/2011, of the parent company IRCE S.p.A., and for €/000 519 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	31/12/2015	31/12/2014
- Deferred tax assets	2,505	3,014
- Deferred tax liabilities	(991)	(1,100)
Total deferred tax assets (net)	1,514	1,914

The changes for the period are shown below:

€/000	31/12/2015	31/12/2014
Deferred tax assets (net) as of 1 January	1,914	2,625
Exchange rate differences	(426)	99
Income statement effect	45	(931)
Shareholders' equity effect	(19)	121
Deferred tax assets (net) as of 31 December	1,514	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 jurisdiction:

Deferred tax assets - €/000	31/12/2015	31/12/2014
- Amortisation/depreciation with deferred deductibility	105	194
- Allocations to Provisions for risks and charges	483	331
- Allocations to the taxed Bad debt provision	334	663
- Tax losses which can be carried forward	1,197	1,611
- Intra-group margin	90	97
- Provision for inventory obsolescence	907	864
- IAS 19 reserve	251	209
- Other	73	-
Total	3,440	3,969

Tax losses that can be carried forward refer to the subsidiary IRCE Ltda for €/000 1,166.

The table below shows the changes in deferred tax assets during 2014 and 2015:

	Taxed provisions	Tax losses carried forward	Depreciation	Other	Total
balance 01.01.2014	2,149	2,250	235	262	4,895
income statement effect	(292)	(738)	(41)	(23)	(1,094)
shareholders' equity effect				67	67
exchange rate difference		99			99
balance 31.12.2014	1,857	1,611	194	306	3,969
income statement effect	(134)	(41)	(89)	97	(167)
shareholders' equity effect				11	11
exchange rate difference		(373)			(373)
balance 31.12.2015	1,724	1,197	105	414	3,440

The effects on shareholders' equity refer to changes in the actuarial reserve as per IAS 19.
Deferred tax assets were recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts and to the extent that it is probable that taxable profit will be available against which these differences can be utilised.

Deferred tax liabilities - €/000	31/12/2015	31/12/2014
Amortisation/depreciation	81	92
- Foreign exchange gains	-	81
- IAS capital gains on buildings	108	108

- IAS capital gains on land	465	465
- Effect of application of IAS 19	30	-
- Effect of tax depreciation of Isomet AG building	304	295
- Effect of tax inventory difference of Isomet AG	230	230
- Effect of tax depreciation of Smit Draad Nijmegen	389	378
- Effect of tax inventory difference of Smit Draad Nijmegen	319	406
Total	1,926	2,055

The table below shows the changes in deferred tax liabilities during 2014 and 2015:

	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 01.01.2014	103	573	558	955	52	31	2,271
income statement effect	(11)		(33)	(171)		52	(163)
shareholders' equity effect					(52)	(2)	(54)
exchange rate difference							
balance 31.12.2014	92	573	525	784	-	81	2,055
income statement effect	(11)		(44)	(76)		(81)	(212)
shareholders' equity effect					30		30
exchange rate difference			53				53
balance 31.12.2015	81	573	534	708	30	-	1,926

6. INVENTORIES

Inventories are broken down as follows:

€/000	31/12/2015	31/12/2014
- Raw materials, ancillary and consumables	27,860	33,424
- Work in progress and semi-finished goods	8,916	11,748
- Finished products and goods	46,614	52,971
- Provision for write-down of raw materials	(2,006)	(2,006)
- Provision for write-down of finished products and goods	(1,416)	(1,239)
Total	79,968	94,898

Recognised inventories are not pledged nor used as collateral.
The provision for write-downs correspond to the amount that is deemed necessary to hedge existing inventory obsolescence risks calculated by writing down slow moving packages and finished products.
Inventories were also written down by €/000 5,883 to their estimated realisable value, which is lower than their average weighted cost.

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

€/000	31/12/2014	Allocations	Uses	31/12/2015
Provision for write-down of raw materials	2,006	-	-	2,006
Provision for write-down of finished products and goods	1,239	266	(89)	1,416
Total	3,245	266	(89)	3,422

7. TRADE RECEIVABLES

€/000	31/12/2015	31/12/2014
- Customers/bills receivable	66,674	74,555
- Bad debt provision	(1,565)	(2,863)
Total	65,109	71,692

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 2014 and 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	31/12/2015
Bad debt provision	2,863	613	(1,911)	1,565

8. CURRENT TAX RECEIVABLES

The item was broken down as follows:

€/000	31/12/2015	31/12/2014
- Receivables for income taxes	310	440
- VAT receivables	425	653
- VAT receivables and taxes for IRCE Ltda	1,408	1,262
- Other receivables due from taxation authorities	793	-
Total	2,936	2,355

9. RECEIVABLES DUE FROM OTHERS

The item was broken down as follows:

€/000	31/12/2015	31/12/2014
- Advances to suppliers	224	238
- Accrued income and prepaid expenses	168	143
- Receivables due from social security institutions	120	103
- Other receivables	1,475	1,147
Total	1,987	1,631

The item “other receivables” is mainly linked to a bonus to be received on energy consumption for the years 2014 and 2015, assigned by the Authority for electricity with the authorisation from the Ministry for Economic Development. Please note that a European Commission audit is in progress to check compatibility of facilitations with European laws on State help. In view of the Authority decision of 28/12/2015, the Company feels there are currently no presuppositions for devaluing the credit.

10. CURRENT FINANCIAL ASSETS

€/000	31/12/2015	31/12/2014
- Mark to Market copper forward transactions	303	726
- Mark to Market USD forward transactions	-	290
- Fixed deposit for LME transactions	11	170
Total	314	1,186

The item "Mark to Market copper forward transactions" refers to the Mark to Market (Fair Value) measurement of copper forward contracts outstanding as of 31/12/2015 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	31/12/2015	31/12/2014
- Bank and postal deposits	5,387	6,551
- Cash and cash equivalents	15	16
Total	5,402	6,567

Bank and postal deposits outstanding as of 31 December 2013 are not subject to constraints or restrictions.

12. SHAREHOLDERS' EQUITY

Share capital

The share capital is composed of 28,128,000 ordinary shares worth € 14,626,560 without par value. The shares are fully subscribed and paid up and bear no rights, privileges or restrictions as far as dividend distribution and capital distribution, if any, are concerned.
In the year 2015, a dividend of €/000 803 (0.03 per share) was distributed.
Here below is the breakdown of reserves:

€/000	31/12/2015	31/12/2014
- Own shares (share capital)	(716)	(999)
- Share premium reserve	40,539	40,539
- Own shares (share premium)	306	(412)
- Other reserves	45,924	45,924
- Foreign currency translation reserve	(19,250)	(9,186)
- Legal reserve	2,925	2,925
- Extraordinary reserve	30,885	30,653
- IAS 19 reserve	(1,125)	(1,160)
- Undistributed profits	13,505	10,746
Total	112,993	119,030

Own Shares

This reserve refers to the par value and share premium of own shares held by the Company; they are recognised as a deduction from shareholders' equity.
Own shares as of 31 December 2015 amounted to 1,376,212 and corresponded to 4.89% of the share capital.
The number of shares outstanding at the beginning and at the end of the last two years is shown below:

Thousands of shares	
Balance as of 01.01.2014	**26,213**
Share buyback	(5)
Balance as of 31.12.2014	**26,208**
Share issue	550
Share buyback	(6)
Balance as of 31.12.2015	**26,752**

Share premium reserve

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

The item "Other reserves" refers mainly to:

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

Foreign currency translation reserve

This reserve represents the value accounting differences which result from the foreign currency translation of the financial statements of the foreign equity investments 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 31 December 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 change in the reserve was as follows:

balance 01.01.2014	(748)
IAS 19 evaluation	(541)
Income tax	129
balance 31.12.2014	(1,160)
IAS 19 evaluation	54
Income tax	(19)
balancel 31.12.2015	(1,125)

Undistributed profits

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

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

Profit for the year

The profit pertaining to the Group, net of non-controlling interests, is equal to €/000 2,949 (€/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 year of investees consolidated using the line-by-line method attributable to non-controlling interests.

13. NON-CURRENT FINANCIAL LIABILITIES

€/000	Currency	Rate	Company	31/12/2015	31/12/2014	Due date
Banco Popolare	EUR	Floating	IRCE SPA	3,964	-	2019
CARISBO	EUR	Floating	IRCE SPA	10,000	-	2019
Banca di Imola	EUR	Floating	IRCE SPA	5,000	-	2019
NAB	CHF	Floating	Isomet AG	3,498	3,252	2017
Total				22,462	3,252	

The increase in non-current financial liabilities compared to the previous year is due to the repositioning of the short-term debt to medium-long term performed in 2015 by the parent company IRCE SPA.
Please note that the medium-long term agreement subscribed to with Carisbo establishes, as a financial obligation, compliance with certain "covenants" indexes calculated on the following consolidated financial statements items:

- ratio between "net financial position" and "equity",
- "rectified EBITDA" and "financial charges".

Please note that as of 31 December 2015 all the financial parameters described above, to be checked annually and calculated on the consolidated financial statements, have been complied with.

14. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges were broken down as follows:

€/000	31/12/2014	Allocations	Uses	31/12/2015
Provisions for risks and disputes	1,381	800	(433)	1,748
Provision for severance payments to agents	294	29	(35)	288
Total	1,675	593	(468)	2,036

Provisions for risks and disputes mainly refer to allocations for the risk of capital losses due to returns of packaging and for various disputes, including the estimate of a liability arising from a financial Administration assessment.
Please also note that, during 2015, some employees of the Dutch subsidiary Smit Draad Nijmegen and the workers' union FNV reported the company for alleged damage to health and alleged working conditions not compliant with laws in force. The Dutch subsidiary, also in light of an environmental assessment carried out recently by an independent entity, believes that the working conditions comply with legal provisions and obligations. Given that the company has an insurance policy covering any damages occurring to its employees 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. Moreover, Directors do not think they will have to sustain legal expenses in 2016, considering that the lawyer of the insurance company has taken on the claim and the policy does not foresee that the insured party be re-debited any expenses.

Provision for severance payments to agents refers to allocations made for severance payments relating to outstanding agency contracts.

15. PROVISIONS FOR EMPLOYEE DEFINED BENEFITS

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

€/000	31/12/2015	31/12/2014
Employee benefits' provision as of 01/01	5,955	5,667
Financial charges	116	159
Actuarial (gains)/losses	(54)	560
Service cost	178	129
Payments	(573)	(575)
Effect of exchange rates	114	14
Employee benefits' provision as of 31/12	5,736	5,955

The Provision includes €/000 4,379 related to the parent company IRCE S.p.A., €/000 1,256 related to the subsidiary ISOMET AG, and €/000 100 related to the subsidiary Isolveco S.r.l.
The Employee benefits' provision is part of the defined benefit plans.
In order to determine the relevant liability, the Group used to Projected Unit Credit Cost method, which consists in the following:
- it projected the potential future benefits payable to each employee enrolled in the plan in the case of retirement, death, disability, resignation, etc. based on a series of financial assumptions (increase in the cost of living, salary increases, etc.).The estimate of future benefits shall include any increases corresponding to the additional service rendered as well as the estimated growth in the remuneration received as of the measurement date;
- it calculated the average present value of future benefits as of the measurement date based on the adopted annual interest rate and the probability that each benefit will be actually paid;
- it determined the liability by identifying the share of the average present value of future benefits that refers to the service already rendered by the employee to the company as of the measurement date.

The item "Provisions for employee defined benefits" largely consists of employee termination indemnities recognised in the financial statements of IRCE S.p.A. Here below are the demographic assumptions used by the actuary in measuring the employee benefits' provision of IRCE S.p.A.:
- probability of death: those determined by the State General Accounting Department, named RG48 and based on gender;
- probability of disability :those adopted by the INPS model and based on gender;
- retirement: a probability of 100% was assumed upon meeting the eligibility requirements for the general compulsory insurance (AGO, Assicurazione Generale Obbligatoria);
- probability of leaving employment for causes other than death: an annual frequency of 2% was assumed;
- probability of advance payment of employee termination indemnities: an annual frequency of 1.5% was assumed.

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

	31/12/2015	31/12/2014
Annual discount rate	2.03%	1.86%
Annual inflation rate	1.50% for 2016	0.60% for 2015
	1.80% for 2017	1.20% for 2016
	1.70% for 2018	1.50% for 2017 and 2018
	1.60% for 2019	2% from 2019 onwards
	2.00% from 2020 onwards	
Annual rate of increase of employee termination indemnities	2.625% for 2016	1.950% for 2015
	2.850% for 2017	2.4% for 2016
	2.775% for 2018	2.625% for 2017 and 2018
	2.700% for 2019	3% from 2019 onwards
	3.000% from 2020 onwards	

The IBOXX Eurozone Corporate AA index with a 10+ year duration as of the measurement date was used as a benchmark for the 2015 discount rate.

The annual increase rate for employee termination indemnity is 75% of inflation plus 1.5%.

It should also be noted that the discount rate used for the purposes of calculating the DBO of the subsidiary Isomet (Switzerland), equal to 0.80% in 2015 and 1% in 2014, is based on government bond yields, given the lack of a sufficiently large market of Corporate AA securities with adequate duration.

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

Sensitivity analysis of IRCE SPA's main measurement parameters:

€/000	DBO change as of 31/12/2015
Inflation rate + 0.25%	4,441
Inflation rate – 0.25%	4,319
Discount rate + 0.25%	4,283
Discount rate – 0.25%	4,479
Turnover rate + 1%	4,368
Turnover rate -1%	4,393

2016 service cost: 0.00
Duration of the plan: 10

Sensitivity analysis of ISOMET AG's main measurement parameters:

€/000	DBO change as of 31/12/2015
Inflation rate - 0.25%	1,227
Inflation rate + 0.25%	1,282
Discount rate -0.25%	1,513
Discount rate + 0.25%	1,017
Turnover rate -0.25%	1,193
Turnover rate +0.25%	1,322

2015 service cost with +0.25% discount rate: €/000 183
2015 service cost with +0.25% turnover rate: €/000 201

Duration of the plan: 15.6.

16. CURRENT FINANCIAL LIABILITIES

Financial liabilities are broken down as follows:

€/000	31/12/2015	31/12/2014
- Payables due to banks	29,184	53,402
- Payables due for derivative contracts	-	23
Total	29,184	53,425

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

€/000	31/12/2015	31/12/2014
Cash	5,402	6,567
Other current financial assets	11*	460*
Liquid assets	5,413	7,027
Current financial liabilities	(29,184)	(53,415)*
Net current financial debt	**(23,771)**	**(46,388)**
Non-current financial liabilities	(22,462)	(3,252)
Non-current financial debt	**(22,462)**	**(3,252)**
Net financial debt	**(46,233)**	**(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 all due in the next 12 months.
As of 31/12/2015 they totalled €/000 € 14,918, compared to €/000 34,290 as of 31/12/2014.
The reduction in trade payables compared to the previous year is due to the lower quantity of copper purchased at year-end and to no travelling copper quotas.

18. TAX PAYABLES

The item was broken down as follows:

€/000	31/12/2015	31/12/2014
- VAT payables	650	1,394
- Payables due for income taxes	1,079	571
- Employee IRPEF (personal income tax) payables	481	465
- Other payables	136	165
Total	2,347	2,595

19. SOCIAL SECURITY CONTRIBUTIONS

This item, equal to €/000 2,007 as of 31/12/2015, primarily referred to the IRCE S.p.A.'s payables for social security contributions due to INPS.

20. OTHER CURRENT LIABILITIES

Other payables were broken down as follows:

€/000	31/12/2015	31/12/2014
- Payables due to employees	3,414	3,566
- Deposits received from customers	1,925	1,555
- Accrued liabilities and deferred income	236	196
- Other payables	862	1,282
Total	6,437	6,599

COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

21. REVENUES

These refer to revenues from the sale of goods, net of returns, rebates and the return of packages. Consolidated turnover in 2015, equal to €/000 349,929, was down 0.2% compared to the previous year (€/000 350,611). For additional details, refer to the previous paragraph on segment reporting.

22. OTHER REVENUES AND INCOME

Other revenues and income were broken down as follows:

€/000	31/12/2015	31/12/2014
- Increases in internally generated fixed assets	167	146
- Capital gains on disposals of assets	23	391
- Insurance reimbursements	17	203
- Other revenues	437	398
Total	644	1,138

23. COSTS FOR RAW MATERIALS AND CONSUMABLES

This item, equal to €/000 266,906, 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 (€/000 3,804).

24. COSTS FOR SERVICES

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

€/000	31/12/2015	31/12/2014	Change
- External processing	5,599	5,576	23
- Utility expenses	14,630	13,551	1,079
- Maintenance	1,820	1,748	72
- Transportation expenses	5,055	5,121	(66)
- Payable fees	440	467	(27)
- Compensation of Statutory Auditors	87	88	(1)
- Other services	5,002	4,757	245
- Costs for the use of third-party goods	328	294	34
Total	32,961	31,602	1,359

The increase in costs for services is primarily due to increased electricity expenses in Italy and especially in Brazil, where the lack of rainfall in recent years has led to a reduced availability of energy from hydroelectric sources thus increasing costs.

The item “other services” includes primarily technical, legal and tax consulting fees as well as insurance and business expenses.
Please note that the total costs for research and development activities recognised in the income statement amount to €/000 277 and concern the parent company IRCE SPA.

25. PERSONNEL COST

Here below is the breakdown of personnel cost:

€/000	31/12/2015	31/12/2014	change
- Salaries and wages	22,082	21,589	493
- Social security charges	5,508	5,479	29
- Retirement costs for defined contribution plans	1,459	1,432	27
- Other costs	3,320	3,071	249
Total	32,369	31,571	798

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

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

Personnel	2015 Average	31/12/2015	31/12/2014
- Executives/White collars	196	191	198
- Blue collars	552	549	550
Total	748	740	748

The average number of employees is calculated according to the Full-Time-Equivalent method and includes both internal and external (temporary and contract) staff.
The total number of employees as of 31 December 2015 was 740 people.

26. AMORTISATION/DEPRECIATION

Here is the breakdown of amortisation/depreciation:

€/000	31/12/2015	31/12/2014	change
- Amortisation of intangible fixed assets	119	149	(30)
- Depreciation of tangible fixed assets	6,482	7,161	(679)
Total amortisation/depreciation	6,601	7,310	(709)

27. PROVISIONS AND WRITE-DOWNS

Provisions and write-downs were broken down as follows:

€/000	31/12/2015	31/12/2014	change
- Write-downs of receivables	613	708	(95)
- Provisions for risks	353	309	44
Total provisions and write-downs	966	1,017	(51)

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

28. OTHER OPERATING COSTS

Other operating costs were broken down as follows:

€/000	31/12/2015	31/12/2014	change
- Non-income taxes and duties	366	506	(140)
- Capital losses and contingent liabilities	93	147	(54)
- Other costs	813	737	76
Total	1,272	1,390	(118)

29. FINANCIAL INCOME AND CHARGES

Financial income and charges were broken down as follows:

€/000	31/12/2015	31/12/2014	change
- Other financial income	5,753	5,952	(199)
- Interest and other financial charges	(2,903)	(2,669)	(234)
- Foreign exchange gains/(losses)	1,860	1,208	652
Total	4,710	4,491	219

- - Other financial income

€/000	31/12/2015	31/12/2014	change
- Interest income from banks	65	73	(8)
- Interest income on receivables due from customers	2,583	2,590	(7)
- Income from LME derivatives	3,015	3,195	(180)
- Other financial income	90	94	(4)
Total	5,753	5,952	(200)

The item “Income from LME derivatives” included €/000 2,712 from the closing of copper forward contracts of the Parent IRCE SPA and €/000 303 from the Mark to Market (Fair Value) measurement of said company's copper forward contracts.

- - Interest and other financial charges

€/000	31/12/2015	31/12/2014	change
- Interest expense for short-term payables	245	829	(584)
- Interest expense for medium to long-term payables	112	107	5
- Sundry interest expense	2,455	1,646	809
- Bank fees and expenses	91	83	8
- Charges on LME derivatives	-	4	(4)
Total	2,903	2,669	233

The item “Sundry interest expense” referred primarily to the charges related to the non-recourse factoring of trade receivables, a transaction carried out by IRCE S.p.A. and IRCE Ltda, and included the interest cost deriving from the discounting of the Employee Termination Indemnity, pursuant to IAS 19.

30. INCOME TAXES

€/000	31/12/2015	31/12/2014	changes
- Current taxes	(2,474)	(2,183)	(291)
- Deferred tax assets/(liabilities)	45	(931)	976
Total	(2,429)	(3,115)	685

31. EARNINGS PER SHARE

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

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

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

	31/12/2015	31/12/2014
Net profit/(loss) for the period	2,948,503	3,794,509
Average weighted number of ordinary shares outstanding	26,689,338	26,207,676
Basic earnings/(loss) per Share	0.1105	0.1447
Diluted earnings/(loss) per Share	0.1105	0.1447

32. RELATED PARTY DISCLOSURES

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

€/000	Compensation for office held	Compensation for other tasks	Total
Directors	203	327	530

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

In addition, as of 31 December 2015, the Group parent company IRCE SPA had a payable of €/000 488 with respect to its parent company Aequafin SPA for the payment of tax advances due to the application of the national tax consolidation regime.

33. COMMITMENTS

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

Mortgage guarantees

The Group provided a mortgage on the building owned by ISOMET AG as collateral for a loan totalling €/000 3,498 from NAB bank, with maturity on 31/03/2017.

34. MANAGEMENT OF TRADE RECEIVABLES

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

Risk level	Exposure, €/000
Minimum	26,616
Medium	29,838
Greater than average	6,841
High	3,379
Total	66,674

As of 31 December 2015, the breakdown of trade receivables by due date was as follows:

Due date	Amount, €/000
Not yet due	57,006
< 30 days	3,206
31-60	809
61-90	1,366
91-120	738
> 120	3,549
Total	66,674

The Fair Value of trade receivables corresponds to their nominal exposure.
The credit devaluation fund, equal to €/000 1.565, refers to the range between 91-120 and > 120.
Please also note that there are no clients generating revenue for the Group that exceeds 10% of total revenue.

35. CAPITAL RISK MANAGEMENT

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

€/000	31/12/2015	31/12/2014
Net financial indebtedness (A)	46,231	49,638
Shareholders' equity (B)	130,834	137,715
Total capital (A) + (B) = (C)	177,065	187,353
Gearing ratio (A) / (C)	26%	26%

36. FINANCIAL INSTRUMENTS

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

€/000	Carrying amount		Fair value	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Financial assets				
Cash and cash equivalents	5,402	6,567	5,402	6,567
Other financial assets	314	1,186	314	1,186
Financial liabilities				
Current loans	29,184	53,425	29,184	53,425
Non-current loans	22,462	3,252	22,462	3,252
Other financial liabilities	-	23	-	23

37. EVENTS FOLLOWING THE REPORTING PERIOD

No significant events occurred between 01 January 2016 and the date or preparation of these financial statements.

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

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

€/000	Entity supplying the service		Recipient	Compensation relative to the year 2015
Auditing services	PricewaterhouseCoopers	EUR	IRCE SPA	95
Other services	PricewaterhouseCoopers	EUR	IRCE SPA	9
Auditing services	PricewaterhouseCoopers	EUR	Foreign subsidiaries	133
Tax compliance activities and other services	PricewaterhouseCoopers	EUR	Foreign subsidiaries	55

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

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

ISOMET AG EUR	**2015**	**2014**
NON-CURRENT ASSETS		
Intangible assets	6,645	998
Property, plant and equipment	4,839,917	4,623,677
Equipment and other tangible fixed assets	104,938	116,683
Equity investments	2,259	2,036
Deferred tax assets	251,158	209,379
TOTAL NON-CURRENT ASSETS	**5,204,917**	**4,961,755**
CURRENT ASSETS		
Inventories	5,664,268	5,144,360
Trade receivables	879,922	1,216,309
Tax receivables	5,999	8,565
Receivables due from others	183,144	170,944
Cash and cash equivalents	166,939	286,141
TOTAL CURRENT ASSETS	**6,900,272**	**6,826,320**
TOTAL ASSETS	**12,105,189**	**11,788,075**
SHAREHOLDERS' EQUITY		
Share capital	674,354	674,354
Reserves	501,841	545,755
Foreign currency translation reserve	1,211,058	638,762
Retained earnings/(losses carried forward)	3,234,717	3,171,815
Profit/(loss) for the period	(909,171)	62,905
TOTAL SHAREHOLDERS' EQUITY	**4,712,799**	**5,093,588**
NON-CURRENT LIABILITIES		
Non-current financial liabilities	3,497,923	3,251,830
Deferred tax liabilities	534,958	525,156
Employee benefits' provisions	1,368,572	1,046,895
TOTAL NON-CURRENT LIABILITIES	**5,401,453**	**4,823,881**
CURRENT LIABILITIES		
Current financial liabilities	370,746	-
Trade payables	1,436,161	1,707,859
Other current liabilities	184,030	162,746
TOTAL CURRENT LIABILITIES	**1,990,937**	**1,870,605**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**12,105,189**	**11,788,075**

ISOMET AG EUR	**2015**	**2014**
Revenues	16,635,980	15,797,771
Other revenues	22,213	38,862
TOTAL REVENUES	**16,658,193**	**15,836,633**
Costs for raw materials	(13,732,663)	(13,261,947)
Change in inventories of work in progress and finished goods	(45,284)	456,876
Costs for services	(1,247,246)	(956,432)
Personnel cost	(2,185,796)	(1,859,280)
Amortisation/depreciation	(349,481)	(322,072)
Write-down of receivables and cash and cash equivalents	(23,454)	(1,760)
Other operating costs	-	(965)
EBIT	**(925,731)**	**(108,948)**
Financial income / (charges)	(35,229)	145,207
PROFIT/(LOSS) BEFORE TAX	**(960,960)**	**36,259**
Taxes	51,791	26,905
NET PROFIT/(LOSS) FOR THE PERIOD	**(909,170)**	**62,905**

IRCE LTDA EUR	2015	2014
NON-CURRENT ASSETS		
Intangible assets	33,040	15,666
Property, plant and equipment	15,587,863	22,292,190
Equipment and other tangible fixed assets	101,573	175,665
Non-current tax receivables	519,414	2,083,139
Deferred tax assets	1,166,240	1,524,449
TOTAL NON-CURRENT ASSETS	**17,408,130**	**26,091,109**
CURRENT ASSETS		
Inventories	10,806,394	10,222,442
Trade receivables	5,590,533	7,942,776
Tax receivables	1,407,757	1,231,474
Receivables due from others	27,087	58,495
Cash and cash equivalents	884,503	1,095,810
TOTAL CURRENT ASSETS	**18,716,274**	**20,550,996**
TOTAL ASSETS	**36,124,404**	**46,642,105**
SHAREHOLDERS' EQUITY		
Share capital	57,309,209	57,309,209
Foreign currency translation reserve	(18,188,386)	(7,470,908)
Retained earnings/(losses carried forward)	(8,267,443)	(10,833,778)
Profit/(loss) for the period	1,381,620	2,566,335
TOTAL SHAREHOLDERS' EQUITY	**32,235,000**	**41,570,858**
NON-CURRENT LIABILITIES		
Non-current financial liabilities due to the parent company	2,939,134	3,628,662
Deferred tax liabilities	**-**	**-**
Provisions for risks and charges	**-**	**-**
TOTAL NON-CURRENT LIABILITIES	**2,939,134**	**3,628,662**
CURRENT LIABILITIES		
Current financial liabilities	-	-
Trade payables	527,461	893,823
Tax payables	38,584	161,350
Social security contributions	30,420	38,486
Other current liabilities	353,806	348,925
TOTAL CURRENT LIABILITIES	**950,271**	**1,442,585**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**36,124,405**	**46,642,105**

IRCE LTDA EUR	2015	2014
Revenues	39,974,165	40,892,475
Other revenues	17,929	20,871
TOTAL REVENUES	**39,992,094**	**40,913,347**
Costs for raw materials	(32,070,566)	(33,200,146)
Change in inventories of work in progress and finished goods	666,301	482,553
Costs for services	(2,976,679)	(2,568,938)
Personnel cost	(1,845,824)	(1,900,196)
Amortisation/depreciation	(1,451,693)	(1,396,742)
Write-down of receivables and cash and cash equivalents	-	(38,615)
Other operating costs	(429,699)	(340,621)
EBIT	**1,883,934**	**1,950,642**
Financial income/(charges)	209,430	1,546,731
PROFIT/(LOSS) BEFORE TAX	**2,093,364**	**3,497,373**
Taxes	(711,744)	(931,038)
NET PROFIT/(LOSS) FOR THE PERIOD	**1,381,620**	**2,566,335**

Attachment 1

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

SURNAME AND NAME	INVESTEE COMPANY	NO. OF SHARES OWNED AS OF 31/12/2014	NO. OF SHARES ACQUIRED	NO. OF SHARES SOLD	NO. OF SHARES OWNED AS OF 31/12/2015
Casadio Filippo	IRCE S.p.A.	561,371			561,371
Gandolfi Colleoni Francesco	IRCE S.p.A.	559,371 (*)			559,371 (*)
	IRCE S.p.A.	30,000			30,000
Sepriano Gianfranco	IRCE S.p.A.	3,500			3,500
Pischedda Francesca	IRCE S.p.A.	0			0
Dallago Orfeo	IRCE S.p.A.	587,267			587,267
Venceslai Leonello	IRCE S.p.A.	0			0
Stupazzini Franco	IRCE S.p.A.	0			0
Adalberto Costantini	IRCE S.p.A.	0			0

(*) Shares owned by his wife, Carla Casadio

Attachment 2

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

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

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

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

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

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

Imola, 14 March 2016

SEPARATE FINANCIAL STATEMENTS OF IRCE S.p.A. AS OF 31 December 2015

SEPARATE STATEMENT OF FINANCIAL POSITION

(IN UNITS OF EURO)

ASSETS	Notes	31.12.2015	31.12.2014
NON-CURRENT ASSETS			
Intangible assets	1	257,115	309,760
Property, plant and equipment	2	15,766,034	17,046,154
Equipment and other tangible fixed assets	2	612,042	961,774
Fixed assets under construction and advances	2	2,092,650	276,688
Non-current financial assets and receivables	3	14,668,883	15,133,879
(of which: related parties)		*14,668,883*	*15,133,711*
Equity investments	3	74,411,843	75,880,929
Non-current tax receivables	4	811,582	811,582
Deferred tax assets	5	1,058,439	1,146,624
TOTAL NON-CURRENT ASSETS		**109,678,588**	**111,567,390**
CURRENT ASSETS			
Inventories	6	53,211,116	69,062,984
Trade receivables	7	43,468,384	47,472,850
Receivables due from subsidiaries	8	6,868,972	7,706,694
Current tax receivables	9	483,272	431,207
Receivables due from others	10	1,456,293	1,083,241
Current financial assets	11	314,482	1,185,817
Cash and cash equivalents	12	793,696	866,788
TOTAL CURRENT ASSETS		**106,596,215**	**127,809,581**
TOTAL ASSETS		**216,274,803**	**239,376,971**

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31.12.2015	31.12.2014
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	13	14,626,560	14,626,560
RESERVES	13	123,594,307	122,282,393
PROFIT FOR THE PERIOD	13	2,725,637	1,034,876
TOTAL SHAREHOLDERS' EQUITY		**140,946,504**	**137,943,829**
NON-CURRENT LIABILITIES			
Non-current financial liabilities	14	18,963,968	-
Provisions for risks and charges	15	7,172,162	6,474,896
Employee benefits' provisions	16	4,379,437	4,804,424
TOTAL NON-CURRENT LIABILITIES		**30,515,567**	**11,279,320**
CURRENT LIABILITIES			
Current financial liabilities	17	26,597,118	50,931,024
Trade payables	18	9,314,332	30,268,193
Payables due to subsidiaries	19	1,212,433	1,512,946
Tax payables	20	1,833,322	1,419,614
Social security contributions	21	1,719,399	1,867,843
Other current liabilities	22	4,136,128	4,154,202
TOTAL CURRENT LIABILITIES		**44,812,732**	**90,153,822**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**216,274,803**	**239,376,971**

SEPARATE INCOME STATEMENT

(IN UNITS OF EURO)

	Notes	31.12.2015	31.12.2014
Revenues	23	228,235,697	220,447,620
(of which: related parties)		*11,562,586*	*10,990,357*
Other revenues and income	24	658,107	676,004
(of which: related parties)		*148,720*	*53,382*
TOTAL REVENUES		**228,893,804**	**221,123,624**
Costs for raw materials and consumables	25	(171,605,331)	(177,035,741)
(of which: related parties)		(1,934,097)	*(2,725,965)*
Change in inventories of work in progress and finished goods		(8,493,344)	4,073,380
Costs for services	26	(23,891,064)	(23,631,973)
(of which: related parties)		(774,094)	*(787,698)*
Personnel costs	27	(17,872,600)	(17,444,907)
Amortisation/depreciation	28	(2,796,477)	(3,329,617)
Provisions and write-downs	29	(926,020)	(957,434)
Other operating costs	30	(520,050)	(539,717)
EBIT		**2,788,918**	**2,257,615**
Write-down of equity investments	31	(1,995,943)	(2,299,605)
Financial income / (charges)	32	3,955,990	3,056,045
(of which: related parties)		*133,624*	*107,721*
PROFIT BEFORE TAX		**4,748,965**	**3,014,055**
Income taxes	33	(2,023,328)	(1,979,179)
PROFIT FOR THE PERIOD		**2,725,637**	**1,034,876**

STATEMENT OF COMPREHENSIVE INCOME	31.12.2015	31.12.2014
€/000		
PROFIT / (LOSS)	**2,726**	**1,035**
Net profit / (loss) from Cash Flow hedge	-	30
Income taxes	-	(8)
	-	22
Total other profit / (loss); net of tax which may be subsequently reclassified to profit / (loss) for the year	**-**	**22**
Net profit / (loss) - IAS 19	109	(198)
Income taxes	(30)	54
	79	(144)
Total other profit / (loss) net of tax, which will not subsequently reclassified to profit / (loss) for the year	**79**	**(144)**
TOTAL VARIATION	79	(122)
Total comprehensive profit / (loss), net of taxes	**2,805**	**913**

SEPARATE 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	Legal reserve	Extraordinar reserve	Cash Flow Hedge reserve	Undivided profit	Actuarial reserve	Result for the period	Total
Balance as of 31 december 2013	**14,627**	**(996)**	**40,539**	**(406)**	**43,087**	**2,925**	**30,619**	**(22)**	**6,462**	**(388)**	**857**	**137,301**
Result for the period											1,035	1,035
Other comprehensive profit/(loss)								22		(144)		(122)
Total profit / (loss) from statement of comprehensive income								**22**		**(144)**	**1,035**	**913**
Allocation of the result of the previous year							857				(857)	
Dividends							(262)					(262)
Sell/purchase own shares		(3)		(6)								(9)
Balance as of 31 december 2014	**14,627**	**(999)**	**40,539**	**(412)**	**43,087**	**2,925**	**31,214**	**0**	**6,462**	**(532)**	**1,035**	**137,944**
Result for the period											2,726	2,726
Other comprehensive profit/(loss)										79		79
Total profit / (loss) from statement of comprehensive income										**79**	**2,726**	**2,805**
Allocation of the result of the previous year							1,035				(1,035)	0
Dividends							(803)					(803)
Sell/purchase own shares		283		718								1,001
Balance as of 31 december 2015	**14,627**	**(716)**	**40,539**	**306**	**43,087**	**2,925**	**31,446**	**0**	**6,462**	**(454)**	**2,726**	**140,947**

With regard to the items of shareholders' equity, please refer to note 13.

CONSOLIDATES STATEMENT OF CASH FLOWS	Note	31/12/2015	31/12/2014
€/000			
OPERATING ACTIVITIES			
Profit for the year		**2,726**	**1,035**
Adjustmenrts for:			
Amortization/depreciation	28	2,796	3,330
Net change in (assets) provision for (advance) deferred taxes	5	88	303
(Gains)/losses from sell-off of fixed assets		(23)	(10)
(gains)/losses on unrealized translation differences		65	(290)
Taxes	33	1,965	1.979
Financial income/(charge)	32	(2,699)	(2,275)
Operating profit/(loss) before change in working capital		**4,918**	**4,072**
Taxes paid		(1,520)	(746)
Decrease (increase) in inventory	6	15,852	(14,067)
(Increase) decrease in current assets and liabilities		(17,637)	16,642
(Increase) decrease in current assets and liabilities with related parties		537	2,907
(Increase) decrease in non-current assets and liabilities		1,792	2,564
Exchange difference on translation of financial statement in foreign currency		465	2,535
CASH FLOW GENERATED BY OPERATING ACTIVITIES		**4,407**	**13,908**
INVESTING ACTIVITIES			
Investments in intangible assets	1	(47)	(46)
Investments in tangible assets	2	(2,911)	(1,137)
Equity investments	3	(48)	(2,163)
Amount collected fromsale of tangible and intangible assets		26	150
CASH FLOW USED IN INVESTMENTS		**(2,980)**	**(3,196)**
FINANCIAL ACTIVITIES			
Borrowing refunds	14	18,964	(2,204)
Increase in funding	17	(24,334)	(9,916)
Change in current financial assets	11	871	(566)
Payment of interest	32	(611)	(1,204)
Receipt of interest	32	3,311	3,480
Dividend paid	13	(803)	(262)
Change with effect in shareholders' equity	13	101	(122)
Sell/purchase own shares		1,001	(9)
CASH FLOW GENERATED FROM FINANCIAL TRANSACTION		**(1,500)**	**(10,803)**
NER CASH FLOW FOR THE PERIOD		**(73)**	**(91)**
CASH BALANCE AT START OF YEAR	12	867	958
TOTAL NET CASH FLOW FOR THE PERIOD		(73)	(91)
CASH BALANCE AT THE END OF YEAR	12	794	867

ACCOUNTING STANDARDS AND EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS OF 31 December 2015

GENERAL INFORMATION

These annual financial statements as of 31 December 2015 were authorised for publication by the Board of Directors on 14 March 2016.
IRCE S.p.A. (henceforth also referred to as the "Company") is a company incorporated under the law of the Italian Republic and has its registered office in via Lasie 12/a, Imola (Italy), Economic & Administrative Index No. 266734 BO 001785.
IRCE S.p.A. owns four manufacturing plants and is one of the major industrial players in Europe in winding wires, as well as in low-voltage electrical cables in Italy.
Its plants are located in Imola (Bologna), Guglionesi (Campobasso), Umbertide (Perugia), and Miradolo Terme (Pavia).

BASIS OF PREPARATION

The annual financial statements for the year 2015 were prepared in accordance with the IFRSs (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) and endorsed by the European Union. The term IFRS also refers to all revised International Accounting Standards ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC).

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

ASSESSMENT CRITERIA AND ACCOUNTING STANDARDS APPLIED

Please refer to the Notes in the consolidated financial statements.

Foreign currency translation of financial statement items

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

Tangible fixed assets

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

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

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

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

Intangible fixed assets

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

Financial fixed assets

Equity investments

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

Non-current receivables and other assets

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

Inventories

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

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

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

Trade receivables and other receivables

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

Cash and cash equivalents

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

Financial payables and liabilities

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

Derecognition of financial assets and liabilities

Financial assets

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

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

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

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

Financial liabilities

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

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

Provisions for risks and charges

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

Employee Benefits

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

Derivative financial instruments

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

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

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

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

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

Own shares

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

Recognition of revenues

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

Sale of goods

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

Interest

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

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

Costs

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

Financial income and charges

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

Income taxes

Current taxes

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

Deferred tax assets and liabilities

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

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

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

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are reviewed on an annual basis at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.
Deferred tax assets or liabilities relating to items recognised directly in equity are recognised directly in equity and not in profit or loss.

Use of estimates

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

DERIVATIVE INSTRUMENTS

The Company uses the following type of derivative instruments:

- Derivative instruments related to copper forward transactions with maturity after 31 December 2015. The Group entered into sale contracts to hedge against price decreases relating to the availability of raw materials, and purchase contracts to prevent price increases relating to sale commitments with fixed copper values. The fair value of copper forward contracts outstanding at the reporting date is determined on the basis of forward prices of copper with reference to the maturity dates of contracts outstanding at the reporting date. These transactions do not satisfy the conditions required for recognising these instruments as hedging instruments for the purposes of hedge accounting.

A summary of derivative contracts related to commodities (copper) for forward sales and purchases outstanding at 31 December 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 31/12/2015 €/000
Tons/Purchases	1,150	0	(27)
Tons/Sales	(1,625)	0	330

FINANCIAL INSTRUMENTS BY CATEGORY

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

As of 31 December 2015 - €/000	Loans and receivables	Derivatives with a balancing entry in the Income Statement	Derivatives with a balancing entry in shareholders' equity	Total
Non-current financial assets				
Non-current tax receivables	812			812
Other non-current financial assets and receivables	14,669			14,669
Current financial assets				
Trade receivables	50,337			50,337
Current tax receivables	483			483
Receivables due from others	1,456			1,456
Other current financial assets	11	303		314
Cash and cash equivalents	794			794

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

As of 31 December 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	18,964			18,964
Current financial liabilities				
Trade payables	10,527			10,527
Other payables	7,689			7,689
Financial payables	26,597			26,597

As of 31 December 2014 - €/000	Other financial liabilities	Derivatives with a balancing entry in the Income Statement	Derivatives with a balancing entry in shareholders' equity	Total
Non-current financial liabilities				
Financial payables	-			-
Current financial liabilities				
Trade payables	31,781			31,781
Other payables	7,442			7,442
Financial payables	50,931			50,931

FAIR VALUE

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

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

The following tables shows the assets and liabilities that are measured at fair value as of 31 December 2015 and as of 31 December 2014 broken down by level of fair value hierarchy (€/000):

2015	Level 1	Level 2	Level 3	Total
Assets:				
Derivative financial instruments	-	303	-	303
Total assets	-	303	-	303
Liabilities:				
Derivative financial instruments	-	-	-	-
Total liabilities	-	-	-	-

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

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

SEGMENT REPORTING

In accordance with the provisions of IFRS 8, an operating segment is a component of an entity:
a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
b) whose operating results are 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; and
c) for which discrete financial information is available.

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

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

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

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

€/000	2015				2014			
	Winding wires	Cables	Not allocated	Total	Winding wires	Cables	Not allocated	Total
Revenues	170,716	57,512	8	228,236	172,186	48,223	38	220,448

€/000	2015				2014			
	Italy	EU (Italy not included)	Non-EU	Total	Italy	EU (Italy not included)	Non-EU	Total
Revenues	116,871	92,453	18,912	228,236	106,502	94,526	19,419	220,448

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

1. INTANGIBLE ASSETS

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

€/000	Patent and intellectual property rights	Licenses, trademarks, similar rights and multi-year charges	Fixed assets under construction	Total
Net carrying amount as of 31/12/2014	23	97	190	310
Changes during the period				
. Investments	47	-	-	47
. Reclassifications	-	-	-	-
. Amortisation/depreciation	(47)	(53)	-	(100)
Total changes	-	(53)	-	(53)
Net carrying amount as of 31.12.2015	23	44	190	257

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

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

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

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

2. TANGIBLE ASSETS

€/000	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Fixed assets under construction and advances	Total
Net carrying amount as of 31.12.2013	7,836	5,598	5,984	571	343	183	20,514
Changes during the period							
. Investments	-	16	414	406	131	170	1,137
. Reclassifications	-	-	49	-	-	(49)	-
. Divestments	-	-	(723)	(24)	(290)	(27)	(1,064)
. Depreciation related to disposals	-	-	620	17	286	-	923
. Depreciation of the year	-	(616)	(2,132)	(335)	(144)	-	(3,227)
Total changes	-	(600)	(1,772)	64	(17)	94	(2,231)
Net carrying amount as of 31.12.2014	7,836	4,998	4,212	635	326	277	18,283

€/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	7,836	4,998	4,212	635	327	277	18,285
Changes during the period							
. Investments	-	21	889	25	47	1,929	2,911
. Reclassifications	-	-	88	-	-	(88)	-
. Divestments	-	-	(4,341)	(161)	(63)	(26)	(4,591)
. Depreciation related to disposals	-	-	4,339	160	63	-	4,562
. Depreciation of the year	-	(564)	(1,712)	(280)	(140)	-	(2,696)
Total changes	-	(543)	(737)	(256)	(93)	1,815	186
Net carrying amount as of 31.12.2015	7,836	4,455	3,475	379	234	2,092	18,471

Divestments refer primarily to machinery no longer in use and depreciated in full.
Depreciation was calculated on the basis of rates that were deemed representative of the estimated useful life of the relevant tangible fixed assets. The rates applied on an annual basis are included in the following ranges:

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

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

€/000	31/12/2015	31/12/2014
- Non-current financial assets and receivables	14,669	15,134
- Equity investments	74,412	75,881
Total	89,081	91,015

Receivables due from subsidiaries

€/000	31/12/2015	31/12/2014
- DMG GmbH	1,928	1,925
- FD Sims Ltd	6,592	6,647
- IRCE S.L	1,302	1,038
- IRCE Ltda	2,939	3,629
- ISODRA GmbH	1,908	1,895
Total	14,669	15,134

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

Equity investments in subsidiaries

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

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

IRCE Ltda, parameters used WACC 13.5%; (g) 7.5%.

(g)=7.5%		WACC	
€/000	13.0%	13.5%	14.0%
Equity value	67,345	61,651	56,833
Carrying amount of equity investment	57,309	57,309	57,309
Difference between equity value and carrying amount	10,036	4,342	(476)

(g)=7.0%		WACC	
€/000	13.0%	13.5%	14.0%
Equity value	62,787	57,869	53,656
Carrying amount of equity investment	57,309	57,309	57,309
Difference between equity value and carrying amount	5,478	560	(3,653)

(g)=8.0%		WACC	
€/000	13.0%	13.5%	14.0%
Equity value	72,815	66,119	60,541
Carrying amount of equity investment	57,309	57,309	57,309
Difference between equity value and carrying amount	15,506	8,810	3,232

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

Compared to the previous year, no impairment test and sensitivity analysis for the subsidiary FD Sims Ltd has been presented because the book value of the shareholding has been aligned with the pertinent equity value and Directors do not believe there are impairment indicators for the year in progress.

4. NON-CURRENT TAX RECEIVABLES

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

5. DEFERRED TAX ASSETS

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

€/000	31/12/2015	31/12/2014
- Deferred tax assets	1,742	1,893
- Deferred tax liabilities	(684)	(746)
Total	1,058	1,147

The Company recognised deferred tax assets for the following items:

€/000	31/12/2015	31/12/2014
- Amort./depr. with deferred deductibility	-	2
- Allocations to Provisions for risks and charges	483	331
- Allocations to the taxed Bad debt provision	334	663
- Provision for inventory obsolescence	907	865
- Other	18	32
Total	1,742	1,893

The table below shows the changes in deferred tax assets during 2014 and 2015:

	Taxed provisions	Depreciation	Other	Total
balance 01.01.2014	2,149	6	40	2,195
income statement effect	(290)	(4)		(294)
shareholders' equity effect			(8)	(8)
balance 31.12.2014	1,859	2	32	1,894
income statement effect	(135)	(2)	(14)	(151)
shareholders' equity effect				
balance 31.12.2015	1,724	0	18	1,742

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

€/000	31/12/2015	31/12/2014
Amortisation/depreciation	81	92
- Foreign exchange gains	-	81
- IAS capital gains on buildings	108	108
- IAS capital gains on land	465	465
- Effect of application of IAS 19	30	-
Total	684	746

The table below shows the changes in deferred tax liabilities during 2014 and 2015:

	Depreciation	IAS capital gain on land and building	Change	IAS 19 effect	Total
balance 01.01.2014	103	573	17	52	745
income statement effect	(11)		64		53
shareholders' equity effect				(52)	(52)
balance 31.12.2014	92	573	81	-	746
income statement effect	(11)		(81)		(92)
shareholders' equity effect				30	30
balance 31.12.2015	81	573	-	30	684

6. INVENTORIES

Inventories are broken down as follows:

€/000	31/12/2015	31/12/2014
- Raw materials, ancillary and consumables	18,698	26,057
- Work in progress and semi-finished goods	5,749	8,434
- Finished products and goods	32,068	37,715
- Provision for write-down of raw materials	(2,006)	(2,006)
- Provision for write-down of finished products	(1,298)	(1,137)
Total	53,211	69,063

Recognised inventories are not pledged nor used as collateral.
The provision for write-downs correspond to the amount that is deemed necessary to hedge existing inventory obsolescence risks as of 31/12/2015, calculated by writing down slow moving packages and finished products.

Inventories were also written down by €/000 5,237 to their estimated realisable value due to copper sale commitments outstanding at the reporting date, which were lower than the average weighted cost measured as of 31/12/2015.

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

€/000	31/12/2014	Allocations	Uses	31/12/2015
Provision for write-down of raw materials	2,006	-	-	2,006
Provision for write-down of finished products and goods	1,137	250	(89)	1,298
Total	3,143	250	(89)	3,304

7. TRADE RECEIVABLES

€/000	31/12/2015	31/12/2014
- Customers/bills receivable	44,940	50,196
- Bad debt provision	(1,472)	(2,723)
Total	43,468	47,473

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

The slight decrease in gross trade receivables compared to the previous year was primarily due to the decrease in volumes.

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

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

€/000	31/12/2014	Allocations	Uses	31/12/2015
Bad debt provision	2,723	573	(1,824)	1,472

8. RECEIVABLES DUE FROM SUBSIDIARIES

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

€/000	31/12/2015	31/12/2014
- FD Sims LTD	627	1,437
- Isolveco SRL	1,173	1,062
- Isomet AG	572	695
- IRCE S.L	2,262	2,165
- DMG	11	105
- ISODRA GmbH	870	744
- IRCE LTDA	199	430
- Stable Magnet Wire P.Ltd.	1,038	1,069
- Smit Draad Nijmegen BV	116	-
Total	6,869	7,707

9. CURRENT TAX RECEIVABLES

The item was broken down as follows:

€/000	31/12/2015	31/12/2014
- Receivables for income taxes	246	48
- VAT receivables	237	383
Total	483	431

10. RECEIVABLES DUE FROM OTHERS

The item was broken down as follows:

€/000	31/12/2015	31/12/2014
- Accrued income and prepaid expenses	148	121
- Other receivables	1,308	962
Total	1,456	1,083

The item "other receivables" is mainly linked to a bonus to be received on energy consumption for the years 2014 and 2015, assigned by the Authority for electricity with the authorisation from the Ministry for Economic Development. Please note that a European Commission audit is in progress to check compatibility of facilitations with European laws on State help. In view of the Authority decision of 28/12/2015, the Company feels there are currently no presuppositions for devaluing the credit.

11. CURRENT FINANCIAL ASSETS

€/000	31/12/2015	31/12/2014
- Mark to Market copper forward transactions	303	726
- Mark to Market USD forward transactions	-	290
- Fixed deposit for LME transactions	11	170
Total	314	1,186

The item "Mark to Market copper forward transactions" refers to the Mark to Market (fair value) measurement of copper derivative contracts outstanding as of 31/12/2015.
The item "Fixed deposit for LME transactions" refers to margin calls deposited with brokers for copper forward transactions on the LME (London Metal Exchange).

12. CASH AND CASH EQUIVALENTS

This item includes bank deposits, cash and cash equivalents.

€/000	31/12/2015	31/12/2014
- Bank and postal deposits	785	856
- Cash and cash equivalents	9	11
Total	794	867

Bank and postal deposits outstanding as of 31 December 2013 are not subject to constraints or restrictions.

13. SHAREHOLDERS' EQUITY

Share capital

The share capital is composed of 28,128,000 ordinary shares worth € 14,626,560 without par value.
The shares are fully subscribed and paid up and bear no rights, privileges or restrictions as far as dividend distribution and capital distribution, if any, are concerned.
In the year 2015, a dividend of €/000 803 (0.03 per share) was distributed.

Here below is the breakdown of reserves:

€/000	31/12/2015	31/12/2014
- Own shares (share capital)	(716)	(999)
- Share premium reserve	40,539	40,539
- Own shares (share premium)	306	(412)
- Other reserves	43,087	43,087
- Legal reserve	2,925	2,925
- Extraordinary reserve	31,446	31,212
- IAS 19 reserve	(454)	(532)
- Undistributed profits	6,462	6,462
TOTAL	123,594	122,282

Detail of origin, availability and use of equity items:

Description	Amount	Possibility of use	Quota available	Distributable
Share Capital	**14,626,560**			
Capital's reserves				
Share premium reserve	40,538,732	A,B,C	40,538,732	40,538,732
Other reserves	6,035,757	A,B,C	6,035,757	6,035,757
Total capital's recerve	**46,574,489**		**46,574,489**	**46,574,489**
Earnings' reserves				
Legal	2,925,312	B	2,925,312	-
Extraordinar	31,446,308	A,B,C	31,446,308	31,446,308
IAS	6,008,383	A,B	6,008,383	1,597,853
Own shares	- 410,075	A,B	- 410,075	- 410,075
Cash Flow Hedge	-	A,B	-	-
Other reserves	585,888	A,B,C	585,888	585,888
Total earnings' reserves	**40,555,817**		**40,555,817**	**33,219,975**
Reserves in tax suspension				
Other reserves	201,160	A,B,C	201,160	201,160
Revaluation	22,327,500	A,B,C	22,327,500	22,327,500
Revaluation 266/2005	13,935,343	A,B	13,935,343	
Total reserves in tax suspension	**36,464,003**		**36,464,003**	**22,528,660**
Total reserves	**123,594,307**		**123,594,309**	**102,323,124**
Profit 2015	**2,725,637**			
Total Equity	**140,946,504**			
		TOTAL reserves available	123,594,309	
		Quota not available for legal reserve	2,925,312	
		Quota not available IAS	4,410,530	
		Quota not available fair value land	13,935,343	
		Residual quota available	**102,323,124**	

Key: A: increase in capital; B: coverage of losses; C: distributable.

Own Shares

This reserve refers to the par value and share premium of own shares held by the Company; they are recognised as a deduction from shareholders' equity.
Own shares as of 31 December 2015 amounted to 1,376,212 and corresponded to 4.89% of the share capital.
The number of shares outstanding at the beginning and at the end of the last two years is shown below:

Thousands of shares	
Balance as of 01.01.2014	**26,213**
Share buyback	(5)
Balance as of 31.12.2014	**26,208**
Share issue	550
Share buyback	(6)
Balance as of 31.12.2015	**26,752**

Share premium reserve

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

Other reserves

Other reserves refer to the following:

- Merger surplus reserve (due to cancellation) which arose in the year 2001 following the merger of IRCE Cavi S.p.A. and Isolcable S.r.l. into IRCE S.p.A, amounting to €/000 6,621.
- Reserve of profits to be re-invested in Southern Italy totalling €/000 201.

- FTA reserve which represents the offsetting item for all adjustments made to the financial statements in order to comply with IAS/IFRS as of 1 January 2004 (transition year) amounting to €/000 13,935.
- Revaluation reserve, as per Italian law 266/1995, amounting to €/000 22,328.

Extraordinary reserve

The extraordinary reserve consists mainly of retained earnings.

IAS 19 reserve

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

balance 01.01.2014	(388)
IAS 19 evaluation	(198)
Income tax	54
balance 31.12.2014	(532)
IAS 19 evaluation	109
Income tax	(30)
balance 31.12.2015	(454)

Profit for the year

The profit for the year amounted to €/000 2,726 (€/000 1,035 as of 31 December 2014).

14. NON-CURRENT FINANCIAL LIABILITIES

€/000	Currency	Rate	Company	30/09/2015	31/12/2014	Due date
Banco Popolare	EUR	Floating	IRCE SPA	3,964	-	2019
CARISBO	EUR	Floating	IRCE SPA	10,000	-	2019
Banca di Imola	EUR	Floating	IRCE SPA	5,000	-	2019
Total				18,964	-	

The increase in non-current financial liabilities compared to the previous year is due to the repositioning of the short-term debt to medium-long term performed in 2015.

15. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges were broken down as follows:

€/000	31/12/2014	Allocations	Uses	31/12/2015
Provisions for risks and disputes	1,381	687	(433)	1,635
Provision for severance payments to agents	287	-	(35)	252
Provision for the coverage of losses of IRCE SL	2,768	315	-	3,083
Provision for the coverage of losses of Isodra GmbH	2,039	163	-	2,202
Total	6,475	1,165	(468)	7,172

Provisions for risks and disputes mainly refer to allocations for the risk of capital losses due to returns of packaging and for various disputes, including the estimate of a liability arising from a financial Administration assessment.
Provision for severance payments to agents refers to allocations made for severance payments relating to outstanding agency contracts.

16. PROVISIONS FOR EMPLOYEE DEFINED BENEFITS

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

€/000	31/12/2015	31/12/2014
Employee benefits' provision as of 01/01	4,804	4,906
Financial charges	88	128
Actuarial (gains)/losses	(109)	198
Payments	(404)	(428)
Employee benefits' provision as of 31/12	4,379	4,804

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

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

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

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

- probability of death: those determined by the State General Accounting Department, named RG48;
- probability of disability: those adopted by the INPS model and based on age and 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 2% was assumed;
- probability of advance payment of employee termination indemnities: an annual frequency of 1.5% was assumed.

In addition, the following economic-financial assumptions were made:

	31/12/2015	31/12/2014
Annual discount rate	2.03%	1.86%
Annual inflation rate	1.50% for 2016 1.80% for 2017 1.70% for 2018 1.60% for 2019 2.00% from 2020 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	2.625% for 2016 2.850% for 2017 2.775% for 2018 2.700% for 2019 3.000% from 2020 onwards	1.950% for 2015 2.4% for 2016 2.625% for 2017 and 2018 3% from 2019 onwards

The IBOXX Eurozone Corporate AA index with a 10+ year duration as of the measurement date was used as a benchmark for the 2015 discount rate.

The annual rate of increase of employee termination indemnities is equal to 75% of inflation, plus 1.5 percentage points.

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 31/12/2015
Inflation rate + 0.25%	4,441
Inflation rate – 0.25%	4,319
Discount rate + 0.25%	4,283
Discount rate – 0.25%	4,479
Turnover rate + 1%	4,368
Turnover rate -1%	4,393

2016 service cost: 0.00
Duration of the plan: 10

17. CURRENT FINANCIAL LIABILITIES

Financial liabilities are broken down as follows:

€/000	31/12/2015	31/12/2014
- Payables due to banks	26,597	50,931
Total	26,597	50,931

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

€/000	31/12/2015	31/12/2014
Cash	794	867
Other current financial assets	11*	460*
Liquid assets	805	1,327
Current financial liabilities	(26,597)	(50,931)
Net current financial debt	**(25,792)**	**(49,604)**
Non-current financial liabilities	(18,964)	-
Non-current financial debt	**(18,964)**	**-**
Net financial debt	**(44,756)**	**(49,604)**

* 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.

18. TRADE PAYABLES

Trade payables are all due in the next 12 months.
As of 31/12/2015 they totalled €/000 9,314 against €/000 30,268 as of 31/12/2014.

The reduction in trade payables compared to the previous year is due to the lower quantity of copper purchased at year-end and to no travelling copper quotas.

19. PAYABLES DUE TO SUBSIDIARIES

Trade payables due to subsidiaries were broken down as follows:

€/000	31/12/2015	31/12/2014
- DMG GmbH	109	109
- FD Sims Ltd	54	73
- Isolveco S.r.l.	49	41
- IRCE SL	12	15
- ISODRA GmbH	4	1
- IRCE Ltda	984	1,241
- IRCE Kablo Ve Tel Ltd	-	16
- Smit Draad Nijmegen BV	-	17
Total	1,212	1,513

20. TAX PAYABLES

The item was broken down as follows:

€/000	31/12/2015	31/12/2014
- VAT payables	187	289
- Payables due for income taxes	1,079	571
- Employee IRPEF (personal income tax) payables	466	465
- Other payables	101	95
Total	1,833	1,420

21. SOCIAL SECURITY CONTRIBUTIONS

This item, equal to €/000 1,719, primarily refers to the contributions payable to INPS.

22. OTHER CURRENT LIABILITIES

Other payables were broken down as follows:

€/000	31/12/2015	31/12/2014
- Payables due to employees	2,358	2,527
- Deposits received from customers	1,679	1,555
- Accrued liabilities and deferred income	53	44
- Other payables	46	28
Total	4,136	4,154

COMMENT ON THE MAIN ITEMS OF THE SEPARATE INCOME STATEMENT

23. REVENUES

These refer to revenues from the sale of goods, net of returns, rebates and the return of packages. In 2011 turnover, equal to €/000 228,236, reported an increase of 4% compared to the previous year (€/000 220,448).
For additional details, refer to the previous paragraph on segment reporting.

24. OTHER REVENUES AND INCOME

Other revenues and income were broken down as follows:

€/000	31/12/2015	31/12/2014
- Capital gains on disposals of assets	23	12
- Increases in internally generated fixed assets	167	145
- Insurance reimbursements	17	203
- Other revenues	451	316
Total	658	676

25. COSTS FOR RAW MATERIALS AND CONSUMABLES

This item, equal to €/000 171,605, 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 (€/000 7,359).

26. COSTS FOR SERVICES

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

€/000	31/12/2015	31/12/2014	Change
- External processing	5,599	5,576	23
- Utility expenses	10,631	10,074	557
- Maintenance	777	873	(96)
- Transportation expenses	3,046	3,128	(82)
- Payable fees	1,135	1,159	(24)
- Compensation of Statutory Auditors	87	88	(1)
- Other services	2,616	2,734	(118)
Total	23,891	23,632	259

The item "other services" includes primarily technical, legal and tax consulting fees as well as insurance and business expenses.
Please note that the overall costs for research and development entered in the income statement amount to €/000 277.

27. PERSONNEL COSTS

Here below is the breakdown of personnel cost:

€/000	31/12/2015	31/12/2014	change
- Salaries and wages	11,157	11,102	55
- Social security charges	3,648	3,616	32
- Retirement costs for defined contribution plans	813	834	(21)
- Other costs	2,255	1,893	362
Total	17,873	17,445	428

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

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

Personnel	2015 Average	31/12/2015	31/12/2014
- Executives/White collars	112	106	117
- Blue collars	315	314	319
Total	427	420	436

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

The total number of employees as of 31 December 2015 was 420 people.

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

28. AMORTISATION/DEPRECIATION

Here is the breakdown of amortisation/depreciation:

€/000	31/12/2015	31/12/2014	change
- Amortisation of intangible fixed assets	100	103	(3)
- Depreciation of tangible fixed assets	2,696	3,227	(531)
Total amortisation/depreciation	2,796	3,330	(534)

29. PROVISIONS AND WRITE-DOWNS

Provisions and write-downs were broken down as follows:

€/000	31/12/2015	31/12/2014	change
- Write-downs of receivables	573	648	(75)
- Provisions for risks	353	309	44
Total provisions and write-downs	926	957	(31)

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

30. OTHER OPERATING COSTS

Other operating costs were broken down as follows:

€/000	31/12/2015	31/12/2014	change
- Non-income taxes and duties	366	361	5
- Capital losses and contingent liabilities	82	143	(61)
- Other	72	36	36
Total	520	540	(20)

31. WRITE-DOWN OF EQUITY INVESTMENTS

€/000	31/12/2015	31/12/2014	change
- IRCE SL	315	383	(68)
- ISODRA GmbH	163	344	(181)
- IRCE Kablo Ve Tel Ltd	88	364	(276)
- Stable Magnet Wire P.Ltd.	176	1,209	(1,033)
- Fd Sims Ltd	1,254	-	1,254
Total	1,996	2,300	(304)

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

32. FINANCIAL INCOME AND CHARGES

Financial income and charges were broken down as follows:

€/000	31/12/2015	31/12/2014	change
- Other financial income	3,177	3,372	(195)
- Income from subsidiaries	134	108	26
- Interest and other financial charges	(611)	(1,204)	593
- Foreign exchange gains/(losses)	1,256	780	476
Total	3,956	3,056	900

- Other financial income

€/000	31/12/2015	31/12/2014	change
- Interest income from banks	1	1	-
- Interest income on receivables due from customers	21	25	(4)
- Interest income from banks	140	151	(11)
- Income from LME derivatives	3,015	3,195	(180)
Total	3,177	3,372	(195)

The item "Income from LME derivatives" included €/000 2,712 from the closing of copper forward contracts during the year, and €/000 303 from the "Mark to Market" (Fair Value) measurement of copper forward contracts outstanding as of 31/12/2015.

- Interest and other financial charges

€/000	31/12/2015	31/12/2014	change
- Interest expense for short-term payables	196	820	(624)

- Interest expense for medium to long-term payables	75	41	34
- Sundry interest expense	278	288	(10)
- Bank fees and expenses	62	55	7
Total	611	1,204	(593)

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

33. INCOME TAXES

€/000	31/12/2015	31/12/2014	changes
- Current taxes	(1,965)	(1,630)	(335)
- Deferred tax assets/(liabilities)	(58)	(349)	291
Total	(2,023)	(1,979)	(44)

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

	2015	2014
Result before taxes	**4.749**	**3.014**
Tax calculated at the applicable rate	1.306	829
Tax effect of non-deductible expenses	426	581
IRAP	233	569
Total	**1,965**	**1.979**

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

34. RELATED PARTY DISCLOSURES

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

Company €/000	Revenues	Financial Income	Costs for raw material	Costs for service	Financial receivables	Trade receivables	Trade commerciali
FD Sims Ltd	1,661	46	842	7	6,592	627	54
Smit Draad Nijmegen BV	149	3	57	-	-	116	-
Isomet AG	5,541		-	-	-	572	-
IRCE Ltda	411	32	984	-	2,940	199	984
Isolveco Srl	3,115		-	144	-	1,173	49
DMG Gmbh	10	13	9	502	1,927	11	109
IRCE SL	90	23	3	121	1,302	2,262	12
Stable Magnet Wire P.Lt	582		-	-	-	1,038	-
ISODRA Gmbh	153	17	39	-	1,908	870	4
Irce Kablo Ve Tel Ltd	-		-	-	-	-	-
	11,712	134	1,934	774	14,669	6,869	1,212

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

€/000	Compensation for office held	Compensation for other tasks	Total
Directors	203	327	530

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

As of 31 December 2015, IRCE SPA had also a receivable of €/000 488 due from its parent company Aequafin S.p.A. for the payment of tax advances due to the application of the national tax consolidation regime.

35. MANAGEMENT OF TRADE RECEIVABLES

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

Risk level	Exposure, €/000
Minimum	5,011
Medium	29,761
Greater than average	6,841
High	3,327
Total	44,940

As of 31 December 2015, the breakdown of trade receivables by due date was as follows:

Due date	Amount, €/000
Not yet due	40,088
< 30 days	692
31-60	314
61-90	404
91-120	32
> 120	3,410
Total	44,940

The Fair Value of trade receivables corresponds to their nominal exposure.
The credit devaluation fund, equal to €/000 1,472, refers to the range between 91-120 and > 120.
Please also note that there are no clients generating revenue for the Company that exceeds 10% of total revenue.

36. CAPITAL RISK MANAGEMENT

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

€/000	31/12/2015	31/12/2014
Net financial indebtedness (A)	44,756	49,604
Shareholders' equity (B)	140,947	137,944

Total capital (A) + (B) = (C)	185,703	187,548
Gearing ratio (A) / (C)	24.1%	26.4%

37. 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	
	2015	2014	2015	2014
Financial assets				
Cash and cash equivalents	794	867	794	867
Other financial assets	314	1,186	314	1,186
Financial liabilities				
Current loans	26,597	50,931	26,597	50,931
Non-current loans	18,963	-	18,963	-
Other financial liabilities	-	-	-	-

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

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

€/000	Entity supplying the service	Compensation relative to the year 2015
Annual statutory audit	PricewaterhouseCoopers S.p.A.	95
Other services	PricewaterhouseCoopers S.p.A.	9

39. EVENTS FOLLOWING THE REPORTING PERIOD

No significant events occurred between 01 January 2016 and the date or preparation of these financial statements.

Imola, 14 March 2016

Attachment 1

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

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

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

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

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

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

Imola, 14 March 2016

Attachment 2

List of equity investments in direct subsidiaries

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

Company	Quota	Share capital	Shareholders' equity	Quota of Shareholders' equity	Result for the year	Quota of result for the year	Book value	Difference
FD Sims Ltd	100%	18,173,127	8,065,312	8,065,312	(1,142,444)	(1,142,444)	8,065,312	0
Smit Draad Nijr	100%	1,165,761	14,698,657	14,698,657	(801,791)	(801,791)	7,273,000	7,425,657
Isomet AG	100%	674,354	4,712,798	4,712,798	(909,171)	(909,171)	1,434,650	3,278,148
IRCE Ltda	100%	57,309,209	32,030,917	32,030,917	1,381,620	1,381,620	56,965,925	(24,935,008)
Isolveco Srl	75%	46,440	1,063,543	797,657	4,584	3,438	194,704	602,953
DMG Gmbh	100%	255,646	1,642,810	1,642,810	(85,270)	(85,270)	119,526	1,523,284
IRCE SL	100%	150,000	(3,082,796)	(3,082,796)	(315,284)	(315,284)	(3,082,796)	0
Stable Magnet '	100%	2,601,531	12,531	12,531	(190,355)	(190,355)	12,531	0
ISODRA Gmbh	100%	25,000	(2,202,018)	(2,202,018)	(163,417)	(163,417)	(2,202,018)	0
Irce SP.ZO.O	100%	48,156	31,339	31,339	(15,869)	(15,869)	48,156	(16,817)
Irce Kablo Ve T	100%	749,181	298,037	298,037	(48,435)	(48,435)	298,037	0
							69,127,028	

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

To the shareholders of IRCE SpA

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of IRCE SpA and its subsidiaries (hereinafter also the "IRCE Group"), which comprise the statement of financial position as of 31 December 2015, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The Directors of IRCE SpA are responsible for the preparation of consolidated financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree no. 39 dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the IRCE Group as of 31 December 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005.

Report on compliance with other laws and regulations

Opinion on the consistency with the consolidated financial statements of the report on operations and of certain information set out in the report on corporate governance and ownership structure

We have performed the procedures required under auditing standard (SA Italia) no. 720B in order to express an opinion, as required by law, on the consistency of the report on operations and of the information set out in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree no. 58/98, which are the responsibility of the Directors of IRCE SpA, with the consolidated financial statements of the IRCE Group as of 31 December 2015. In our opinion, the report on operations and the information in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the IRCE Group as of 31 December 2015.

Bologna, 30 March 2016

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."

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

To the shareholders of IRCE SpA

Report on the financial statements

We have audited the accompanying financial statements of IRCE SpA (hereinafter also the "Company"), which comprise the statement of financial position as of 31 December 2015, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Directors of IRCE SpA are responsible for the preparation of financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree no. 39 dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of IRCE SpA as of 31 December 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005.

Report on compliance with other laws and regulations

Opinion on the consistency with the financial statements of the report on operations and of certain information set out in the report on corporate governance and ownership structure

We have performed the procedures required under auditing standard (SA Italia) no. 720B in order to express an opinion, as required by law, on the consistency of the report on operations and of the information set out in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree no. 58/98, which are the responsibility of the Directors of IRCE SpA, with the financial statements of IRCE SpA as of 31 December 2015. In our opinion, the report on operations and the information in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of IRCE SpA as of 31 December 2015.

Bologna, 30 March 2016

PricewaterhouseCoopers SpA

signed by

Gianni Bendandi
(Partner)

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

Irce S.p.A.

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

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

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

Report of the Board of Statutory Auditors to the Shareholders' Meeting of IRCE S.p.A., pursuant to art. 153 of Italian Legislative Decree 58/98 and art. 2429, paragraph 3, of the Italian Civil Code

Dear Shareholders,

The separate financial statements for the financial year ended 31 December 2015, which are submitted for the approval of the Shareholders' Meeting of this company, show a profit of € 2,725,637.

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

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

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

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

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

Pursuant to article 123-bis of the Consolidated Financial Act and to the Rules of the Markets organised and managed by Borsa Italiana S.p.A., the Company has prepared the annual Report on Corporate Governance and Shareholding Structure.

During the financial year ended 31 December 2015, the Board of Statutory Auditors has carried out its supervisory activities in compliance with art. 149 of Italian Legislative Decree 58/98, in accordance with the code of ethics of the Board of Statutory Auditors in companies with shares listed in regulated markets drafted by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (Italian Board of Chartered Accountants and Accounting Consultants), as well as CONSOB recommendations concerning accounting audits and the activities of the Board of Statutory Auditors. In preparing this report, we have taken into consideration CONSOB communications No. 1025564 of 6 April 2001, No. 321582 of 4 April 2003, and No. 6031329 of 7 April 2006 and the guidelines indicated in the Corporate Governance Code, which concern the content of the reports of the Board of Statutory Auditors to the shareholders' meetings of listed companies.

In particular, the Board has:

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

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

Structure, in compliance with the provisions of the Corporate Governance Code, the Board of Directors assumed responsibility for the Company's internal control. The Chairman of the Board of Statutory Auditors attended the meetings of the Control and Risks Committee;

- gathered information about the activities carried out by the internal control manager during 2015, specifically concerning the control of procedures agreed with the company appointed to carry out the statutory audit.

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

  The company appointed to carry out the statutory audit, in its periodic exchange of information with the Board of Statutory Auditors, has not reported any critical situations with reference to the internal control system, although it stressed the need for improvements;
- supervised - since the Board of Statutory Auditors is not required to carry out an analytical control of the substance of the financial statements' contents - the overall presentation of the financial statements drafted in accordance with IAS/IFRS, as well as compliance with the law concerning their preparation and presentation, and has no remarks to make;
- obtained, during the year, information on the operations of the Supervisory Body as per the organisational, management and control model (Italian Legislative Decree 231/01), concerning specifically the critical problems reported also in the Supervisory Body's annual report, issued on 15 February 2016.
- verified that the directors' report on operations for the financial year 2015 complies with applicable laws and regulations, consistently with the resolutions passed by the Board of Directors and the representations in the financial statements. The Board of Statutory Auditors had no

remarks to make on the consolidated half-yearly report. The half-yearly and quarterly reports have been published according to applicable laws and regulations.

- supervised the concrete functioning and the effective implementation by the Board of Directors of the procedure for the management and approval of related-party transactions adopted by resolution of 30/11/2010, pursuant to art. 2391 bis of the Italian Civil Code and art. 4 of the Regulation on related-party transactions adopted by the Consob with resolution No. 17221 of 12 March 2010.

The Board of Statutory Auditors has noted that at the meeting of 14 March 2016, the Board of Directors, as recommended in a document dated 3 March 2010, issued jointly by the Bank of Italy/Consob/ISVAP, has certified, independently and prior to approving the draft financial statements, the compliance of impairment testing with IAS 36.

Specifically, the Company tested for impairment the amounts reported by the investees FD Sims LTD, Irce Ltda and Smit Draad Nijmegen BV.

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

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

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

The Board of Statutory Auditors took note of the independent auditors' report dated 30 March 2016, issued pursuant to articles 14 and 16 of Italian Legislative Decree 39/2010, acknowledging that, in the opinion of the independent auditors, the separate financial statements of the company and the consolidated financial statements of the group as of 31 December 2015 comply with the International Financial Reporting Standards as endorsed by the European Union and, therefore, are clear and give a true and fair view of the financial position, financial performance and cash flows for the financial year ended on said date. It is also the opinion of the Independent Auditors that the Report on Operations and the information as per paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of art. 123-bis of Italian Legislative Decree 58/1998 contained in the Report on Corporate Governance are consistent with the financial statements.

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

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

- it received from Board Members, during both board meetings and the meetings held on a regular basis, detailed and relevant information about the company's operations, and especially the transactions that were most significant to its financial performance, financial position and cash flows;
- the report on operations, the information supplied during the Board of Directors' Meeting, and that received by the company's management and the Independent Auditors did not reveal any atypical and/or unusual transactions, including intra-group or related party transactions;
- PricewaterhouseCoopers S.p.A. (and other companies belonging to its network) was also appointed to perform a voluntary assignment to analyse significant processes pursuant to law 262/2005, to identify any fraud risks: the fee agreed on for that service was € 8,500 plus expenses reimbursed. The Board of Statutory Auditors has been informed by

Company Directors that neither the auditing company nor other companies belonging to its network were assigned any other assignments in the 2015 financial year;

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

  1 Shareholders Meeting;

  5 Meetings of the Board of Directors;

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

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

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

In light of the above, the Board of Statutory Auditors gives its favourable opinion to the approval of the Financial Statements as of 31 December 2015 and has no objections to the Board of Directors' proposal concerning the allocation of the profit for the year 2015.

Bologna, 30 March 2016

THE BOARD OF STATUTORY AUDITORS

(Dott. Fabio Senese) ____________________

(Dott. Adalberto Costantini) ____________________

(Dott.ssa Donatella Vitanza) ____________________