



INTERIM REPORT ON OPERATIONS AT 31st MARCH 2016

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Certification pursuant to Article 154-*bis* of Italian Legislative Decree 58/1998

CORPORATE BODIES

BOARD OF DIRECTORS

| | | |
|------------------------|----|------------------------------------|
| CHAIRMAN | MR | FILIPPO CASADIO |
| EXECUTIVE DIRECTOR | MR | FRANCESCO GANDOLFI COLLEONI |
| NON-EXECUTIVE DIRECTOR | MR | GIANFRANCO SEPRIANO <i>(a) (b)</i> |
| INDEPENDENT DIRECTOR | MS | FRANCESCA PISCHEDDA <i>(b)</i> |
| INDEPENDENT DIRECTOR | MR | ORFEO DALLAGO <i>(a) (b)</i> |
| INDEPENDENT DIRECTOR | MS | GIGLIOLA DI CHIARA <i>(a)</i> |

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.

INTERNAL CONTROL MANAGER

MR WILMER NERI

SUPERVISORY BODY

MS PAOLA PRETI
 MS FRANCESCA PISCHEDDA
 MR GIANLUCA PIFFANELLI

(a) Member of internal control Committee

(b) Member of remuneration Committee

INTERIM REPORT ON OPERATIONS AT 31 MARCH 2015

IRCE Group (hereinafter the "Group") 2016 first quarter results recorded lower results if compared with the same period of 2015.

The winding wire sales registered a decline in volumes in Europe and in Brazil, if compared with the 1st quarter of 2015, but remained in line with the fourth quarter of last year. Sales volumes in the cable sector slowed a slowdown and are, on a quarterly basis, lower than the 1st quarter and 4th quarter 2015.

Consolidated revenues amounted to € 77.83 million compared to the € 92.80 million of the 1st quarter 2015; a 16% decrease, which is also due to the copper price reduction.

In this context, the consolidated turnover without metal¹ decreased by 8.5%, in particular the winding wires sector decreased by 9.7% (taking into account the sharp depreciation of the Brazilian currency since the beginning of 2015) and the cables by 2.6%.

In detail:

| Consolidated turnover without metal (€/million) | 2016 1 st quarter | | 2015 1 st quarter | | Change |
|--|---------------------------------|---------------|---------------------------------|---------------|--------------|
| | Value | % | Value | % | % |
| Winding wires | 15.8 | 81.0% | 17.5 | 82.2% | -9.7% |
| Cables | 3.7 | 19.0% | 3.8 | 17.8% | -2.6% |
| Total | 19.5 | 100.0% | 21.3 | 100.0% | -8.5% |

The following table reports the results of the first quarter of 2016, compared with those of the first three months of 2015, including the adjusted values of EBITDA and EBIT.

| Consolidated income statement data (€/million) | 1 st quarter 2016 | 1 st quarter 2015 | Change |
|---|------------------------------|------------------------------|---------|
| Turnover ² | 77.83 | 92.80 | (14.97) |
| EBITDA ³ | 2.45 | 3.24 | (0.79) |
| EBIT | 0.92 | 1.35 | (0.43) |
| Profit before taxes | 1.17 | 3.84 | (2.67) |
| Net result | 0.51 | 2.46 | (1.95) |
| Adjusted EBITDA ⁴ | 2.58 | 4.49 | (1.91) |
| Adjusted EBIT ⁴ | 1.05 | 2.60 | (1.55) |

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 used by the Management of the Group in order to assess the operating performance of the company and is not identified as an accounting item within IFRS; it is calculated by IRCE S.p.A. by adding amortisation/depreciation, allocations and write-downs to EBIT.

⁴ Adjusted EBITDA and EBIT are respectively calculated as the sum of EBITDA and EBIT and the income/charges from operations on copper derivatives transactions (€ +0.13 million in the first quarter 2016 and € +1.25 million in the first quarter 2015). These indicators are used by the Management of the Group in order to monitor and assess the operational performance of the Group and are not identified as accounting items within IFRS. Given that the composition of these measures is not regulated by the reference accounting standards, the criterion used by the Group could potentially not be consistent with that adopted by others and therefore not be comparable.

Consolidated net financial debt, at the end of March 2016, was € 42.38 million, down from € 46.23 million at the end of 2015, this reduction benefitted from the cash flow generated by operating activities and the decrease of the net working capital.

| Consolidated statement of financial position data (€/million) | As of 31.03.2016 | As of 31.12.2015 | Change |
|--|------------------|------------------|--------|
| Net capital employed | 174.23 | 177.07 | (2.84) |
| Shareholders' equity | 131.85 | 130.84 | 1.01 |
| Net financial debt ⁵ | 42.38 | 46.23 | (3.85) |

The Group's investments in 1st quarter 2016 were € 0.51 million, mostly made by IRCE S.p.A. in the winding wire sector.

The first quarter of this year has recorded sales volumes substantially in line with the last quarter of 2015, even though lower than expected for 2016, with the cable sector in greater difficulty than the winding wire. Nevertheless, the expectations remain the same as those expressed in our 2015 Annual Report with regard to the price stabilization and the sales volume.

Imola, 13th May 2016

On behalf of the Board of Directors

The Chairman

Mr Filippo Casadio



⁵ Net financial debt is measured as the sum of short-term and long-term financial liabilities minus cash and financial assets, note no. 14. It should be noted that the methods for measuring net financial debt comply with the methods for measuring the Net Financial Position defined by Consob Resolution no. 6064293 of 28 July 2006 and CESR recommendation of 10 February 2005.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| ASSETS | Notes | 31.03.2016 | 31.12.2015 |
|--|--------------|--------------------|--------------------|
| NON- CURRENT ASSETS | | | |
| Goodwill and intangibles assets | 1 | 2,366,287 | 2,378,476 |
| Property, plant and equipment | 2 | 49,822,530 | 50,706,211 |
| Equipment and other tangible assets | 2 | 1,146,781 | 1,236,816 |
| Fixed assets under construction and advance | 2 | 3,355,037 | 2,957,721 |
| Non-current financial assets and receivables | | 115,782 | 120,874 |
| Non-current tax receivables | 3 | 1,355,598 | 1,330,996 |
| Deferred tax assets | 4 | 2,358,113 | 2,504,948 |
| TOTAL NON -CURRENT ASSETS | | 60,520,128 | 61,236,042 |
| CURRENT ASSETS | | | |
| Inventory | 5 | 79,490,896 | 79,967,782 |
| Trade receivables | 6 | 69,076,764 | 65,108,753 |
| Tax receivables | 7 | 2,525,552 | 2,935,873 |
| Receivables due from other | 8 | 2,357,691 | 1,987,463 |
| Current financial assets | 9 | 11,321 | 314,482 |
| Cash and cash equivalents | 10 | 5,232,155 | 5,401,842 |
| TOTAL CURRENT ASSETS | | 158,694,379 | 155,716,195 |
| TOTAL ASSETS | | 219,214,507 | 216,952,237 |

| SHAREHOLDERS EQUITY AND LIABILITIES | Notes | 31.03.2016 | 31.12.2015 |
|---|--------------|--------------------|--------------------|
| SHAREHOLDERS' EQUITY | | | |
| SHARE CAPITAL | 11 | 14,626,560 | 14,626,560 |
| RESERVES | 11 | 116,445,722 | 112,993,474 |
| PROFIT OF THE PERIOD | | 510,230 | 2,948,503 |
| TOTAL GROUP SHAREHOLDERS' EQUITY OF THE GROUP | | 131,582,512 | 130,568,537 |
| SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS | | 267,807 | 265,886 |
| TOTAL SHAREHOLDERS' EQUITY | | 131,850,319 | 130,834,423 |
| NON -CURRENT LIABILITIES | | | |
| Non-current financial liabilities | 12 | 20,347,920 | 22,461,891 |
| Deferred tax liabilities | 4 | 670,603 | 991,376 |
| Provisions for risks and charges | 13 | 2,075,469 | 2,035,769 |
| Employee benefits' provisions | | 5,762,412 | 5,735,559 |
| TOTAL NON- CURRENT LIABILITIES | | 28,856,404 | 31,224,595 |
| CURRENT LIABILITIES | | | |
| Current financial liabilities | 14 | 27,307,193 | 29,183,770 |
| Trade payables | 15 | 19,963,049 | 14,917,943 |
| Tax payables | 16 | 2,927,795 | 2,347,197 |
| Social security contributions | | 1,505,084 | 2,007,135 |
| Other current liabilities | 17 | 6,804,663 | 6,437,174 |
| TOTAL CURRENT LIABILITIES | | 58,507,784 | 54,893,219 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | 219,214,507 | 216,952,237 |

CONSOLIDATED INCOME STATEMENT

| | Notes | 31.03.2016 | 31.03.2015 |
|---|-------|-------------------|-------------------|
| Revenues | 18 | 77,830,748 | 92,794,728 |
| Other revenues and incomes | | 168,787 | 112,474 |
| TOTAL REVENUES | | 77,999,535 | 92,907,202 |
| Cost of raw material and consumable | 19 | (60,161,631) | (73,321,711) |
| Change in inventories of work in progress and finished good | | 750,223 | 443,150 |
| Cost for services | | (7,939,732) | (8,396,698) |
| Personnel cost | 20 | (7,818,505) | (8,014,814) |
| Amortisation/Depreciations | 21 | (1,371,790) | (1,584,442) |
| Allocations and write-downs | | (151,837) | (310,181) |
| Other operating costs | | (382,437) | (374,347) |
| EBIT | | 923,826 | 1,348,159 |
| Financial incomes / (charges) | 22 | 242,742 | 2,493,471 |
| PROFIT BEFORE TAXES | | 1,166,568 | 3,841,630 |
| Income Taxes | 23 | (654,416) | (1,380,601) |
| PROFIT BEFORE NON-CONTROLLING INTERESTS | | 512,152 | 2,461,029 |
| Non-controlling interest | | (1,922) | (1,499) |
| PROFIT / (LOSS) FOR THE PERIOD | | 510,230 | 2,459,530 |

Earnings (loss) per share (EPS)

| | | | |
|---|----|-------|-------|
| - basic EPS of the year ascribable to ordinary shareholders of the parent company | 24 | 0,019 | 0,092 |
| - diluted EPS of the year ascribable to ordinary shareholders of the parent company | 24 | 0,019 | 0,092 |

| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME | 31.03.2016 | 31.03.2015 |
|---|-------------------|-------------------|
| €/000 | | |
| PROFIT / (LOSS) BEFORE NON-CONTROLLING INTEREST | 512 | 2,461 |
| Foreign currency translation difference | 561 | (1,596) |
| Total other profit / (loss); net of tax which may be subsequently reclassified to profit / (loss) for the period | 561 | (1,596) |
| Total profit / (loss) from statement of comprehensive income, net of taxes | 561 | (1,596) |
| Total comprehensive profit / (loss), net of taxes | 1,073 | 865 |
| Ascribable to: | | |
| Shareholders of the parent company | 1,071 | 863 |
| Minority Shareholders | 2 | 2 |

| CONSOLIDATED STATEMENT OF CASH FLOWS | Note | 31/03/2016 | 31/03/2015 |
|---|-------------|-------------------|-------------------|
| <i>€/000</i> | | | |
| OPERATING ACTIVITIES | | | |
| Profit for the year | | 510 | 2,460 |
| <i>Adjustments for:</i> | | | |
| Amortization/depreciation | 21 | 1,372 | 1,584 |
| Net change in (assets) provision for (advance) deferred taxes | 4 | (174) | (15) |
| (gains)/losses from sell-off of fixed assets | | | (7) |
| (gains)/losses on unrealized translation differences | | 7 | 228 |
| Taxes | 23 | 806 | 1,479 |
| Financial income/(charge) | 22 | (292) | (1,064) |
| Operating profit/(loss) before change in working capital | | 2,230 | 4,665 |
| Paid taxes | | | (48) |
| Decrease (increase) in inventory | 5 | 477 | (1,041) |
| (Increase) decrease in current assets and liabilities | | 661 | (6,291) |
| (increase) decrease in non-current assets and liabilities | | 65 | (124) |
| Exchange difference on translation of financial statement in foreign currency | | (387) | (559) |
| CASH FLOW GENERATED BY OPERATING ACTIVITIES | | 3,046 | (3,399) |
| INVESTING ACTIVITIES | | | |
| Investments in intangible assets | 1 | (12) | (48) |
| Investments in tangible assets | 2 | (499) | (814) |
| Amount collected from sale of tangible and intangible assets | | 17 | 10 |
| CASH FLOW USED IN INVESTMENTS | | (494) | (852) |
| FINANCIAL ACTIVITIES | | | |
| Borrowing refunds | 12 | (2,114) | 7,000 |
| Increase in funding | 14 | (1,877) | (6,188) |
| Exchange difference on translation of financial statement in foreign currency | | 875 | (9) |
| Change in current financial assets | 9 | 303 | 1,077 |
| Payment of interest | | (288) | (870) |
| Receipt of interest | | 580 | 1,935 |
| Change in minority shareholders' capital | | 2 | 2 |
| Own shares (sales-purchase) | | (5) | 1,013 |
| CASH FLOW GENERATED FROM FINANCIAL TRANSACTION | | (2,524) | 3,960 |
| NET CASH FLOW FOR THE PERIOD | | 29 | (289) |
| CASH BALANCE AT START OF YEAR | 10 | 5,402 | 6,567 |
| TOTAL NET CASH FLOW FOR THE PERIOD | | 29 | (289) |
| EXCHANGE DIFFERENCE | | (199) | 21 |
| CASH BALANCE AT THE END OF YEAR | 10 | 5,232 | 6,299 |

NOTES TO THE CONSOLIDATED INTERIM REPORT AT 31 MARCH 2016**GENERAL INFORMATION**

The consolidated interim report as of March 31st, 2016 were authorised for publication by the Board of Directors of IRCE S.p.A. (henceforth also referred to as the "Company") on May 13th, 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.

GENERAL DRAFTING CRITERIA

The First Quarter Report at March 31st, 2016 have been drawn up in compliance with the IAS 34 "Intermediate Balance Sheet" and with article 154 ter of TUF. This balance sheet consolidated not includes all information requested by annual balance sheet and must be read together with December 31st 2015 Financial Statement.

The diagrams used for compiling the consolidated balance sheet of the Group have been prepared in compliance with the IAS 1 principle, in particular;

- The shareholders' equity has been introduced by separately presenting current and non-current assets and liabilities.
- The profit-and-loss account has been prepared by classifying the item "by nature".

The following notes have been indicated in thousand euro.

This First Quarter Report has not been reviewed by Auditors, because not subjected to this obligation.

Evaluation usage

The compilation of consolidated shortened balance sheet according to IFRS requires the evaluation and the value assuming which affect the assets and the liabilities and the advises related to potential assets and liabilities up to reference date. The collected results could be different from the evaluations. The evaluations are used to point out allowances due to credit risks, amortizations, asset depreciation and taxes.

CONSOLIDATION AREA

The table below lists the companies included in the consolidation area at March 31st, 2016:

| 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 |

There are not changes in the consolidation area compared to Consolidated Balance Sheet as of December 31st, 2015.

DERIVATIVE INSTRUMENTS

The Group uses the following types of derivative instruments:

- Derivative instruments related to copper forward transactions with maturity after 31 March 2016. 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, in force on March 31st, 2016, is shown below:

| Measurement unit of the notional value | Notional value with maturity within one year (tons) | Notional value with maturity after one year | Result with fair value measurement as of 31/03/2016 (€/000) |
|--|---|---|---|
| Tons | 250 | 0 | (31) |

- Derivative instruments related to obligations for USD forward purchases with maturity after March 31st, 2016. These transactions do not satisfy the conditions required for recognising these instruments as hedging instruments for the purposes of cash flow hedge accounting.

Below is shown a summary of derivative contracts related to USD forward sales and purchases, in force on March 31st, 2016:

| Measurement unit of the notional value | Notional value with maturity within one year (€/000) | Notional value with maturity after one year | Result with fair value measurement as of 31/03/2016 (€/000) |
|--|--|---|---|
| USD | 1,000 | 0 | (5) |

The fair value of forward contracts for currency purchases, in force as of March 31st, 2016, is determined on the basis of forward prices of currencies with reference to the maturity dates of contracts in force at the reporting date.

FAIR VALUE

A comparison between the carrying amount of financial instruments held by the Group and their fair value did not yield significant differences in value.

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

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

The following table highlight the assets and liabilities that are measured at fair value as March 31st, 2015 in terms of hierarchical level of fair value measurement (€/000):

| March 31 st , 2016 | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|---------|---------|---------|-------|
| Assets: | | | | |
| Derivative financial instruments | - | | - | |
| AFS | | 62 | | 62 |
| Total assets | - | | | |
| Liabilities: | | | | |
| Derivative financial instruments | - | (36) | - | (36) |
| Total liabilities | - | (36) | - | (36) |

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

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

1. GOODWILL AND OTHER INTANGIBLE ASSETS

This balance sheet item concerns the intangible assets from which economic benefits are expected in the future. The variations in intangible assets are detailed below:

| €/000 | Patent and intellectual property rights | Licenses, trademarks, similar rights and other multi-year charges | Fixed assets under construction | Goodwill | Total |
|--------------------------------------|---|---|---------------------------------|----------|-------|
| Net carrying amount as of 31/12/2015 | 86 | 72 | 189 | 2,031 | 2,378 |
| <i>Movements of the period</i> | | | | | |
| . Investments | 12 | - | - | - | 12 |
| . Effect of exchange rates | (2) | (1) | - | - | (3) |
| . Reclassifications | - | - | - | - | - |
| . Amortisation | (10) | (11) | - | - | (21) |
| Total changes | - | (12) | - | - | (12) |
| Net carrying amount as of 31/03/2016 | 86 | 60 | 189 | 2,031 | 2,366 |

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

| Asset | Expected useful life | Depreciation method | Internally developed or purchased | Impairment tests for assessing losses in value |
|---|----------------------|---------------------|-----------------------------------|--|
| Patent rights and intellectual property | Definite | 50% | Purchased | Review of depreciation method at each year-end, and impairment test if there are indicators of loss in value |
| Permits and licenses | Definite | 20% | | Review of depreciation method at each year-end, and impairment test if there are indicators of loss in value |
| Trademarks and similar rights | Definite | 5.56% | Purchased | Review of depreciation method at each year-end, and impairment test if there are indicators of loss in value |
| Goodwill Smit Draad Nijmegen BV | Indefinite | n/a | Purchased | Subject to impairment test |

The depreciation rates that concern other intangible assets are worked out depending on the extent to which they can be utilized; therefore they are examined at the financial year-end.

The goodwill shown in the balance sheet relates to the Cash Generating Unit Smit Draad Nijmegen BV. This value has been subject to verification of the presence of impairment (impairment test) at the closing of the annual financial statements 2015. At 31 March 2016, the directors have not revealed the existence of indicators, external or internal, of impairment losses; therefore did not consider it necessary to proceed to a new impairment test.

2. TANGIBLE ASSETS

| €/000 | Land | Buildings | Plant and equipment | Industrial and commercial equipment | Other assets | Assets under construction and advances | Total |
|--------------------------------------|-------------|--------------|---------------------|-------------------------------------|--------------|--|--------------|
| Net carrying amount as of 31/12/2015 | 11,843 | 17,871 | 20,991 | 815 | 422 | 2,958 | 54,901 |
| <i>Movements of the period</i> | | | | | | | |
| . Investments | - | 3 | 63 | 7 | 25 | 401 | 499 |
| . Effect of exchange rates | (54) | (112) | 443 | 1 | 1 | (4) | 275 |
| . Reclassifications | - | - | - | (5) | 5 | - | - |
| . Divestments | - | - | - | - | (28) | - | (28) |
| . Depreciation relative to disposals | - | - | - | - | 27 | - | 27 |
| . Depreciation of the period | - | (299) | (928) | (83) | (40) | - | (1,350) |
| Total changes | (54) | (408) | (422) | (80) | (10) | 397 | (577) |
| Net carrying amount as of 31/03/2016 | 11,789 | 17,463 | 20,569 | 736 | 412 | 3,355 | 54,324 |

These Group's investments in the first quarter of 2016 were € 0.50 million, mostly made in the winding wire sector of IRCE SpA.

3. NON-CURRENT TAX RECEIVABLES

This item refers by €/000 812, 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, of the parent company IRCE S.p.A., and by €/000 544 to the tax credit on the added value to the Brazilian subsidiary IRCE Ltda. Based on future expected cash flows, the recoverability of these amounts is believed to be likely.

4. DEFERRED TAX ASSETS AND LIABILITIES

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

| €/000 | 31/03/2016 | 31/12/2015 |
|---------------------------------|------------|------------|
| - Deferred tax assets | 2,358 | 2,505 |
| - Deferred tax liabilities | (671) | (991) |
| Total deferred tax assets (net) | 1,687 | 1,514 |

5. INVENTORIES

Inventories are detailed as follows:

| €/000 | 31/03/2016 | 31/12/2015 |
|--|------------|------------|
| - Raw materials, ancillary and consumables | 26,794 | 27,860 |
| - Work in progress and semi-finished goods | 13,202 | 8,916 |
| - Finished products and goods | 43,005 | 46,614 |
| - Provisions for write-down of raw materials | (2,006) | (2,006) |
| - Provisions for write-down of finished products and goods | (1,504) | (1,416) |
| Total | 79,491 | 79,968 |

Recognized 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.

The table below shows the changes in provisions for write-down of inventories during the first three months of 2016:

| €/000 | 31/12/2015 | Allocations | Uses | 31/03/2016 |
|--|------------|-------------|------|------------|
| Provisions for write-down of raw materials | 2,006 | - | - | 2,006 |
| Provisions for write-down of finished products and goods | 1,416 | 88 | - | 1,504 |
| Total | 3,422 | 88 | - | 3,510 |

6. TRADE RECEIVABLES

| €/000 | 31/03/2016 | 31/12/2015 |
|------------------------------|------------|------------|
| - Customers/bills receivable | 70,617 | 66,674 |
| - Bad debt provision | (1,540) | (1,565) |
| Total | 69,077 | 65,109 |

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

7. CURRENT TAX RECEIVABLES

The item was broken down as follows:

| €/000 | 31/03/2016 | 31/12/2015 |
|---|--------------|--------------|
| - Receivables for income taxes | 165 | 310 |
| - VAT receivables | 185 | 425 |
| - VAT receivables and taxes for IRCE Ltda | 1,257 | 1,408 |
| - Other receivables due from taxation authorities | 919 | 793 |
| Total | 2,526 | 2,936 |

8. RECEIVABLES DUE FROM OTHERS

The item was broken down as follows:

| €/000 | 31/03/2016 | 31/12/2015 |
|---|--------------|--------------|
| - Advances to suppliers | - | 224 |
| - Accrued income and prepaid expenses | 330 | 168 |
| - Receivables due from social security institutions | 103 | 120 |
| - Other receivables | 1,925 | 1,475 |
| Total | 2,358 | 1,987 |

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 authorization 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.

9. CURRENT FINANCIAL ASSETS

| €/000 | 31/03/2016 | 31/12/2015 |
|--|------------|------------|
| - Mark to Market copper forward transactions | - | 303 |
| - Mark to Market USD forward transactions | - | - |
| - Fixed deposit for LME transactions | 11 | 11 |
| Total | 11 | 314 |

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).

10. CASH AND CASH EQUIVALENTS

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

| €/000 | 31/03/2016 | 31/12/2015 |
|------------------------------|--------------|--------------|
| - Bank deposits | 5,210 | 5,387 |
| - Cash on hand and valuables | 22 | 15 |
| Total | 5,232 | 5,402 |

The bank and postal deposits are not subject to liens or restrictions.

11. SHAREHOLDERS' EQUITY

Share capital

The share capital is composed of 28,128,000 ordinary shares for an equivalent of € 14,626,560 without nominal value. The shares are fully subscribed and paid up and bear no rights, privileges or restrictions as far as dividend distribution and capital distribution, if any, are concerned.

Own shares as of 31st March, 2016 amounted to 1,406,774 and correspond to 5% of the share capital.

Reserves are detailed below:

| €/000 | 31/03/2016 | 31/12/2015 |
|--|----------------|----------------|
| - Own shares (deducted from share capital) | (732) | (716) |
| - Share premium reserve | 40,539 | 40,539 |
| - Own shares (share premium) | 264 | 306 |
| - Other capital reserves | 45,924 | 45,924 |
| - Foreign currency translation reserve | (18,689) | (19,250) |
| - Legal reserve | 2,925 | 2,925 |
| - Extraordinary reserve | 30,885 | 30,885 |
| - IAS 19 reserve | (1,125) | (1,125) |
| - Undivided profit | 13,729 | 13,505 |
| - Retained profit | 2,726 | - |
| Total | 116,446 | 112,993 |

12. NON-CURRENT FINANCIAL LIABILITIES

| €/000 | Curren | Rates | Company | 31/03/2016 | 31/12/2015 | Due |
|----------------------|--------|----------|-----------|---------------|---------------|------|
| Banco Popolare | EUR | Variable | IRCE SPA | 3,525 | 3,964 | 2019 |
| CARISBO | EUR | Variable | IRCE SPA | 9,000 | 10,000 | 2019 |
| Banca di Imola S.p.A | EUR | Variable | IRCE SPA | 4,383 | 5,000 | 2019 |
| NAB | CHF | Variable | Isomet AG | 3,440 | 3,498 | 2017 |
| Total | | | | 20,348 | 22,462 | |

13. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are detailed below:

| €/000 | 31/12/2015 | Allocations | Uses | 31/03/2016 |
|--|--------------|-------------|--------------|--------------|
| Provisions for risks and disputes | 1,748 | 163 | (134) | 1,777 |
| Provision for severance payments to agents | 288 | 10 | - | 298 |
| Total | 2,036 | 173 | (134) | 2,075 |

Provisions for risks and disputes refer to allocations for various disputes.

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

14. CURRENT FINANCIAL LIABILITIES

The current financial liabilities are detailed below:

| €/000 | 31/03/2016 | 31/12/2015 |
|---|---------------|---------------|
| - Payables due to banks | 27,269 | 29,184 |
| - Payables due for derivative contracts | 38 | - |
| Total | 27,307 | 29,184 |

Item "Payables due for derivative contracts" refers to the USD forward purchases, open as at 31st March, 2016, of IRCE SPA.

With reference to the financial liabilities, **the Group's net financial position**, drawn up in accordance with the Consob Communication 6064293 dated 28th July 2006 and the CESR guidelines dated 10th February 2005, is as follows:

| €/000 | 31/03/2016 | 31/12/2015 |
|---|-----------------|-----------------|
| Cash | 5,232 | 5,402 |
| Other current financial assets | 11 | 11* |
| Liquid assets | 5,243 | 5,413 |
| Current financial liabilities | (27,276)* | (29,184) |
| Net current financial indebtedness | (22,033) | (23,771) |
| Non-current financial liabilities | (20,348) | (22,462) |
| Non-current financial indebtedness | (20,348) | (22,462) |
| Net financial indebtedness | (42,381) | (46,233) |

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

15. TRADE PAYABLES

Trade payables are all due in the next 12 months.

As of 31/03/2016 they totaled €/000 € 19,963, compared to €/000 14,918 as of 31/12/2015.

16. TAX PAYABLES

The item was broken down as follows:

| €/000 | 31/03/2016 | 31/12/2015 |
|---|--------------|--------------|
| - VAT payables | 974 | 650 |
| - Payables due for income taxes | 1,570 | 1,079 |
| - Employee IRPEF (personal income tax) payables | 294 | 481 |
| - Other payables | 90 | 136 |
| Total | 2,928 | 2,347 |

17. OTHER CURRENT LIABILITIES

Other payables were broken down as follows:

| €/000 | 31/03/2016 | 31/12/2015 |
|---|--------------|--------------|
| - Payables due to employees | 3,720 | 3,414 |
| - Deposits received from customers | 1,683 | 1,925 |
| - Accrued liabilities and deferred income | 239 | 236 |
| - Other payables | 1,163 | 862 |
| Total | 6,805 | 6,437 |

COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

18. REVENUES

These items refer to revenues for the sales of goods after returns and discount. The revenues at 31st March 2016 for €/000 77,831 decrease of 16% in respect to the same period of the previous year (€/000 92,795).

19. COSTS OF RAW MATERIALS AND CONSUMABLES

This item includes the costs borne for purchasing raw materials - such as copper, insulating materials, packaging materials and consumable items (for maintenance work), net of changes to inventories (€/000 1,256).

20. PERSONNEL COST

Here below is the breakdown of personnel cost:

| €/000 | 31/03/2016 | 31/03/2015 | change |
|---|--------------|--------------|--------------|
| - Salaries and wages | 5,341 | 5,520 | (179) |
| - Social security charges | 1,389 | 1,475 | (86) |
| - Retirement costs for defined contribution plans | 319 | 322 | (3) |
| - Other costs | 770 | 698 | 72 |
| Total | 7,819 | 8,015 | (196) |

21. AMORTISATION/DEPRECIATION

Amortisation/depreciation is detailed as follows:

| €/000 | 31/03/2016 | 31/03/2015 | Change |
|--|--------------|--------------|--------------|
| - Amortisation of intangible assets | 22 | 32 | (10) |
| - Depreciation of tangible assets | 1,350 | 1,552 | (202) |
| Total amortisation/depreciation | 1,372 | 1,584 | (212) |

22. FINANCIAL INCOME AND CHARGES

Financial income and charges are detailed as follows:

| €/000 | 31/03/2016 | 31/03/2015 | Change |
|--|------------|--------------|----------------|
| - Other financial income | 580 | 1,935 | (1,355) |
| - Interest and other financial charges | (288) | (870) | 582 |
| - Foreign exchange gains/(losses) | (49) | 1,428 | (1,477) |
| Total | 243 | 2,493 | (2,250) |

of which:

| €/000 | 31/03/2016 | 31/03/2015 | Change |
|-----------------------------|------------|--------------|----------------|
| - Profit on LME derivatives | 129 | 1,249 | (1,120) |
| Total | 129 | 1,249 | (1,120) |

23. INCOME TAX

| €/000 | 31/03/2016 | 31/03/2015 |
|-------------------------------------|--------------|----------------|
| - Current taxes | (806) | (1,479) |
| - Deferred tax assets/(liabilities) | 152 | 98 |
| Total | (654) | (1,381) |

24. 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.

| | 31/03/2016 | 31/03/2015 |
|--|------------|------------|
| Net profit/(loss) for the period | 510,230 | 2,459,530 |
| Average weighted number of ordinary shares outstanding | 26,721,226 | 26,757,676 |
| Basic earnings/(loss) per Share | 0.019 | 0.092 |
| Diluted earnings/(loss) per Share | 0.019 | 0.092 |

25. RELATED PARTY DISCLOSURES

In compliance with the requirements of IAS 24, the quarterly compensation for the members of the Board of Directors is shown below:

| €/000 | Compensation for office held | Compensation for other tasks | Total |
|-----------|------------------------------|------------------------------|-------|
| Directors | 55 | 81 | 136 |

This table shows the compensation paid for any reason and under any form, including social security contributions.

In addition, as of , 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.

26. EVENTS FOLLOWING THE REPORTING PERIOD

No significant events occurred between the reporting date and the current drafting date.

27. CERTIFICATION PURSUANT TO ARTICLE 154-BIS OF ITALIAN LEGISLATIVE DECREE 58/1998

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