



INTERIM REPORT ON OPERATIONS AT 31st MARCH 2017

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

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EXECUTIVE DIRECTOR	MR	FRANCESCO GANDOLFI COLLEONI
NON-EXECUTIVE DIRECTOR	MR	GIANFRANCO SEPRIANO
INDEPENDENT DIRECTOR	MS	FRANCESCA PISCHEDDA
INDEPENDENT DIRECTOR	MR	ORFEO DALLAGO
INDEPENDENT DIRECTOR	MS	GIGLIOLA DI CHIARA

BOARD OF STATUTORY AUDITORS

CHAIRMAN	MR	FABIO SENESE
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PricewaterhouseCoopers SpA

RISK CONTROL COMMITTEE

MS GIGLIOLA DI CHIARA
MR GIANFRANCO SEPRIANO
MR ORFEO DALLAGO

REMUNERATION COMMITTEE

MS FRANCESCA PISCHEDDA
MR GIANFRANCO SEPRIANO
MR ORFEO DALLAGO

INTERNAL AUDITOR

MR FABRIZIO BIANCHIMANI

SUPERVISORY BODY

MR FRANCESCO BASSI
MR GABRIELE FANTI
MR GIANLUCA PIFFANELLI

INTERIM REPORT ON OPERATIONS AT 31 MARCH 2017

IRCE Group (hereinafter the "Group") 2017 first quarter results recorded better results if compared with the same period of 2016.

Sales of winding wire sector were higher than those recorded in the first quarter of 2016, in particular half of the growth was generated by sales in the South American market. The situation in the cable sector was still negative, and was affected not only by the drop in volumes but also by a reduction in the price level.

Consolidated turnover amounted to € 92.48 million, compared to € 77.83 million in the first quarter of 2016, the increase of 19% was largely due to the rise in copper prices.

The consolidated turnover without metal¹ increased by 4.6%; the winding wires sector increased by 8.2%, while the cables recorded a decrease of 10.8%.

In detail:

Consolidated turnover without metal (€/million)	2017 1 st quarter		2016 1 st quarter		Change
	Value	%	Value	%	%
Winding wires	17.1	83.8%	15.8	81.0%	8.2%
Cables	3.3	16.2%	3.7	19.0%	-10.8%
Total	20.4	100.0%	19.5	100.0%	4.6%

The following table reports the results of the first quarter of 2017, compared with those of the first three months of 2016, including the adjusted values of EBITDA and EBIT.

Consolidated income statement data (€/million)	1 st quarter 2017	1 st quarter 2016	Change
Turnover ²	92.48	77.83	14.65
EBITDA ³	4.72	2.45	2.27
EBIT	3.10	0.92	2.18
Profit before taxes	3.67	1.17	2.50
Net result	2.55	0.51	2.04
Adjusted EBITDA ⁴	4.94	2.58	2.36
Adjusted EBIT ⁴	3.32	1.05	2.27

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 (€ +0.22 million in the first quarter 2017 and € +0.13 million in the first quarter 2016). 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 2017, was € 49.29 million, up from € 36.25 million at the end of 2016, due to the increase of the net working capital.

Consolidated statement of financial position data (€/million)	As of 31.03.2017	As of 31.12.2016	Change
Net capital employed	189.72	173.49	16.23
Shareholders' equity	140.43	137.24	3.19
Net financial debt ⁵	49.29	36.25	13.04

The Group's investments in 1st quarter 2017 were € 0.85 million and concern European plants.

The winding wire sector, in the first quarter of this year, recorded sales volumes higher than in the last quarter of 2016, showing some signs of improvement with regard to the rest of the year. In the cable sector there are no signals of change of trend.

Imola, 12nd May 2017

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

(Euros)

ASSETS	Notes	31.03.2017	31.12.2016
NON- CURRENT ASSETS			
Goodwill and intangibles assets	1	1,821,849	1,827,881
Property, plant and equipment	2	51,754,828	52,627,264
Equipment and other tangible assets	2	1,126,493	1,209,192
Assets under construction and advance	2	4,813,309	4,177,393
Non-current financial assets and receivables		126,610	122,677
Non-current tax receivables	3	879,082	811,582
Deferred tax assets	4	2,402,887	2,470,294
TOTAL NON -CURRENT ASSETS		62,925,058	63,246,283
CURRENT ASSETS			
Inventory	5	74,770,614	72,427,659
Trade receivables	6	89,932,908	75,918,372
Current tax receivables	7	1,889,401	2,442,219
Receivables due from other	8	1,797,843	2,061,055
Current financial assets	9	619,806	543,981
Cash and cash equivalents	10	4,168,834	7,775,737
TOTAL CURRENT ASSETS		173,179,406	161,169,023
TOTAL ASSETS		236,104,464	224,415,306

SHAREHOLDERS EQUITY AND LIABILITIES	Notes	31.03.2017	31.12.2016
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	11	14,626,560	14,626,560
RESERVES	11	122,992,394	122,288,345
PROFIT OF THE PERIOD	11	2,548,407	54,676
TOTAL SHAREHOLDERS' EQUITY OF THE GROUP		140,167,361	136,969,581
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		266,831	266,216
TOTAL SHAREHOLDERS' EQUITY		140,434,192	137,235,797
NON -CURRENT LIABILITIES			
Non-current financial liabilities	12	11,905,101	13,968,266
Deferred tax liabilities	4	280,705	289,176
Provisions for risks and charges	13	2,510,740	2,434,053
Employee benefits' provisions		6,029,128	6,027,372
TOTAL NON- CURRENT LIABILITIES		20,725,674	22,718,867
CURRENT LIABILITIES			
Current financial liabilities	14	41,898,316	30,132,677
Trade payables	15	22,732,396	24,991,819
Tax payables	16	2,258,743	1,340,080
Social security contributions		1,522,606	2,147,394
Other current liabilities	17	6,532,537	5,848,672
TOTAL CURRENT LIABILITIES		74,944,598	64,460,642
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		236,104,464	224,415,306

CONSOLIDATED INCOME STATEMENT

(Euros)

	Notes	31.03.2017	31.03.2016
Sales revenues	18	92,480,862	77,830,748
Other income		118,040	168,787
TOTAL REVENUES		92,598,902	77,999,535
Cost of raw material and consumable	19	(73,435,998)	(60,161,631)
Change in inventories of work in progress and finished good		3,012,337	750,223
Cost for services		(8,836,826)	(7,939,732)
Personnel cost	20	(8,156,267)	(7,818,505)
Amortisation/Depreciations	21	(1,474,295)	(1,371,790)
Provisions and write-downs		(146,247)	(151,837)
Other operating costs		(463,241)	(382,437)
EBIT		3,098,365	923,826
Financial incomes / (charges)	22	571,901	242,742
PROFIT BEFORE TAXES		3,670,266	1,166,568
Income Taxes	23	(1,121,244)	(654,416)
PROFIT BEFORE NON-CONTROLLING INTERESTS		(2,549,022)	512,152
Non-controlling interest		(615)	(1,922)
PROFIT FOR THE PERIOD		2,548,407	510,230

Earnings (loss) per share (EPS)

- basic EPS ascribable to ordinary shareholders of the parent company	24	0.095	0.019
- diluted EPS ascribable to ordinary shareholders of the parent company	24	0.095	0.019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	31.03.2017	31.03.2016
€/000		
PROFIT / (LOSS) BEFORE NON-CONTROLLING INTEREST	2,549	512
Foreign currency translation difference	649	561
Total other profit / (loss); net of tax which may be subsequently reclassified to profit / (loss) for the period	649	561
Total profit / (loss) from statement of comprehensive income, net of taxes	649	561
Total comprehensive profit / (loss), net of taxes	3,198	1,073
Ascribable to:		
Shareholders of the parent company	3,197	1,071
Minority Shareholders	1	2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital		Other reserves			Retained earnings						Total	Minority interest	Total equity	
	Share capital	Own shares	Share premium reserve	Own shares	Other reserves	Foreing currency translation reserve	Legal reserve	Extraordinary reserve	Reserve IAS19	Undivided profit	Result for the period				
€/000															
Balance as of 31 december 2015	14,627	(716)	40,539	306	45,924	(19,250)	2,925	30,885	(1,125)	13,505	2,949	130,569	266	130,834	
Result for the period											510	510	2	512	
Other comprehensive profit / (loss)						561						561		561	
Total profit / (loss) from statement of comprehensive income						561					510	1,071	2	1,073	
Allocation of the result of the previous year										2,949	(2,949)				
Sell / Purchase own shares		(16)		(42)								(58)		(58)	
Balance as of 31 march 2016	14,627	(732)	40,539	264	45,924	(18,689)	2,925	30,885	(1,125)	16,454	510	131,582	268	131,850	
Balance as of 31 december 2016	14,627	(734)	40,539	258	45,924	(11,747)	2,925	32,809	(1,414)	13,729	55	136,970	266	137,236	
Result for the period											2,548	2,548	1	2,549	
Other comprehensive profit / (loss)						649						649		649	
Total profit / (loss) from statement of comprehensive income						649					2,548	3,197	1	3,198	
Allocation of the result of the previous year										55	(55)				
Balance as of 31 march 2017	14,627	(734)	40,539	258	45,924	(11,100)	2,925	32,809	(1,414)	13,784	2,548	140,167	267	140,434	

CONSOLIDATED STATEMENT OF CASH FLOWS	Note	31/03/2017	31/12/2016
<i>€/000</i>			
OPERATING ACTIVITIES			
Profit for the year		2,548	510
<i>Adjustments for:</i>			
Amortization/depreciation	21	1,474	1,372
Net change in (assets) provision for (advance) deferred taxes	4	59	(174)
(gains)/losses from sell-off of fixed assets		4	-
(gains)/losses on unrealized translation differences		23	7
Taxes	23	1,015	806
Financial income/(charge)	22	(674)	(292)
Operating profit/(loss) before change in working capital		4,449	2,230
Decrease (increase) in inventory	5	(2,343)	477
(Increase) decrease in current assets and liabilities		(15,585)	661
(increase) decrease in non-current assets and liabilities		79	65
Exchange difference on translation of financial statement in foreign currency		398	(387)
CASH FLOW GENERATED BY OPERATING ACTIVITIES		(13,002)	3,046
INVESTING ACTIVITIES			
Investments in intangible assets	1	(3)	(12)
Investments in tangible assets	2	(847)	(499)
Amount collected from sale of tangible and intangible assets		3	17
		0	0
CASH FLOW USED IN INVESTMENTS		(847)	(494)
FINANCIAL ACTIVITIES			
Net change in loans	12	(2,063)	(2,114)
Net change in short-term debt	14	11,766	(1,877)
Exchange difference on translation of financial statement in foreign currency		(328)	875
Change in current financial assets	9	(76)	303
Payment of interest		(94)	(288)
Receipt of interest		768	580
Change in minority shareholders' capital		1	2
Sell/purchase own shares		-	(5)
CASH FLOW GENERATED FROM FINANCIAL TRANSACTION		9,976	(2,523)
NET CASH FLOW FOR THE PERIOD		(3,874)	29
CASH BALANCE AT START OF YEAR	10	7,776	5,402
TOTAL NET CASH FLOW FOR THE PERIOD		(3,874)	29
EXCHANGE DIFFERENCE		267	199
CASH BALANCE AT THE END OF YEAR	10	4,169	5,232

NOTES TO THE CONSOLIDATED INTERIM REPORT AT 31 MARCH 2017

GENERAL INFORMATION

The consolidated interim report as of March 31st, 2017 were authorised for publication by the Board of Directors of IRCE S.p.A. (henceforth also referred to as the "Company") on May 12nd, 2017.

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 CRITERIA

The First Quarter Report at March 31st, 2017 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 2016 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, 2017:

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, 2016.

DERIVATIVE INSTRUMENTS

The Group uses the following types of derivative instruments:

- Derivative instruments related to copper and aluminium forward transactions with maturity after March 31st, 2017. 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 forward contracts outstanding at the reporting date is determined on the basis of forward prices of copper and aluminium 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 in force on March 31st, 2017, 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 31/03/2017 (€/000)
Tons	2,025	0	275

- Derivative instruments related to USD and GBP forward contracts with maturity after March 31st, 2017. These transactions do not satisfy the conditions required for recognising these instruments as hedges for the purposes of cash flow hedge accounting.

Below is shown a summary of derivative contracts related to USD and GBP forward in force on March 31st, 2017:

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 31/03/2017 (€/000)
USD/Purchase	3,000	0	28
GBP / Sell	3,500	0	7

The fair value of forward contracts for currency purchases, in force as of March 31st, 2017, 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, 2017 in terms of hierarchical level of fair value measurement (€/000):

March 31 st , 2017	Level 1	Level 2	Level 3	Total
Assets:				
Derivative financial instruments	-	310	-	310
AFS		310		310
Total assets	-			
Liabilities:				
Derivative financial instruments	-	-	-	-
Total liabilities	-	-	-	-

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 31/12/2016	79	29	189	1,531	1,828
<i>Movements of the period</i>					
. Investments	2	1	-	-	3
. Effect of exchange rates	1	-	-	-	1
. Reclassifications	-	-	-	-	-
. Amortisation	(9)	(1)	-	-	(10)
Total changes	(6)	-	-	-	(6)
Net carrying amount as of 31/03/2017	73	29	189	1,531	1,822

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 goodwill shown in the balance sheet relates to the Cash Generating Unit Smit Draad Nijmegen BV.

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 31/12/2016	11,855	17,022	23,750	777	432	4,177	58,014
<i>Movements of the period</i>							
. Investments	-	3	177	32	3	632	847
. Effect of exchange rates	17	72	210	2	1	4	306
. Reclassifications	-	-	-	-	-	-	-
. Divestments	-	-	(859)	-	-	-	(859)
. Depreciation relative to disposals	-	-	851	-	-	-	851
. Depreciation of the period	-	(293)	(1,050)	(83)	(38)	-	(1,464)
Total changes	17	(218)	(671)	(49)	(34)	636	(319)
Net carrying amount as of 31/03/2017	11,872	16,804	23,079	728	398	4,813	57,695

The Group's investments in 1st quarter 2017 were € 0.85 million and concern European plants.

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 67 to the tax credit on the added value to the Brazilian subsidiary IRCE Ltda.

4. DEFERRED TAX ASSETS AND LIABILITIES

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

€/000	31/03/2017	31/12/2016
- Deferred tax assets	2,403	2,470
- Deferred tax liabilities	(281)	(289)
Total deferred tax assets (net)	2,122	2,181

5. INVENTORIES

Inventories are detailed as follows:

€/000	31/03/2017	31/12/2016
- Raw materials, ancillary and consumables	23,901	24,592
- Work in progress and semi-finished goods	14,319	7,651
- Finished products and goods	39,448	43,064
- Provisions for write-down of raw materials	(1,982)	(1,982)
- Provisions for write-down of finished products and goods	(915)	(897)
Total	74,771	72,428

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 2017:

€/000	31/12/2016	Allocations	Uses	31/03/2017
Provisions for write-down of raw materials	1,982	-	-	1,982
Provisions for write-down of finished products and goods	897	18	-	915
Total	2,879	18	-	2,897

6. TRADE RECEIVABLES

€/000	31/03/2017	31/12/2016
- Customers/bills receivable	90,864	76,864
- Bad debt provision	(931)	(946)
Total	89,933	75,918

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

The table below shows the changes in the bad debt provision during the first months of 2017:

€/000	31/12/2016	Allocations	Uses	31/03/2017
Bad debt provision	946	46	61	931

7. CURRENT TAX RECEIVABLES

The item was broken down as follows:

€/000	31/03/2017	31/12/2016
- Receivables for income taxes	-	747
- VAT receivables	136	168
- VAT receivables and taxes for IRCE Ltda	1,441	1,309
- Other receivables due from taxation authorities	312	218
Total	1,889	2,442

8. RECEIVABLES DUE FROM OTHERS

The item was broken down as follows:

€/000	31/03/2017	31/12/2016
- Accrued income and prepaid expenses	304	163
- Receivables due from social security institutions	49	61
- Other receivables	1,445	1,837
Total	1,798	2,061

The item "other receivables" is mainly linked to a bonus to be received on energy consumption for the year 2015, assigned by the Authority for electricity with the authorization from the Ministry for Economic Development.

9. CURRENT FINANCIAL ASSETS

€/000	31/03/2017	31/12/2016
- Mark to Market copper and aluminium forward transactions	549	465
- Mark to Market USD forward transactions	28	20
- Mark to Market GBP forward transactions	32	48
- Fixed deposit for LME transactions	11	11
Total	620	544

The items "Mark to Market forward transactions" refer to the Mark to Market (fair value) measurement of derivative contracts outstanding as of 31/03/2017.

10. CASH AND CASH EQUIVALENTS

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

€/000	31/03/2017	31/12/2016
- Bank deposits	4,145	7,758
- Cash on hand and valuables	24	18
Total	4,169	7,776

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, 2017 amounted to 1,411,774 and correspond to 5,02% of the share capital.

Reserves are detailed below:

€/000	31/03/2017	31/12/2016
- Own shares (deducted from share capital)	(734)	(734)
- Share premium reserve	40,539	40,539
- Own shares (share premium)	258	258
- Other capital reserves	45,924	45,924
- Foreign currency translation reserve	(11,098)	(11,747)
- Legal reserve	2,925	2,925
- Extraordinary reserve	32,809	32,809
- IAS 19 reserve	(1,414)	(1,414)
- Profits/losses brought forward	1,457	-
- Undivided profit	12,327	13,729
Total	122,992	122,288

12. NON-CURRENT FINANCIAL LIABILITIES

€/000	Curren	Rates	Company	31/03/2017	31/12/2016	Due
Banco Popolare	EUR	Variable	IRCE SPA	1,767	2,207	2019
CARISBO	EUR	Variable	IRCE SPA	7,000	8,000	2019
Banca di Imola S.p.A	EUR	Variable	IRCE SPA	3,138	3,761	2019
Total				11,905	13,968	

13. PROVISIONS AND WRITE-DOWNS

Provisions for risks and charges are detailed below:

€/000	31/12/2016	Allocations	Uses	31/03/2017
Provisions for risks and disputes	2,152	100	(33)	2,219
Provision for severance payments to agents	282	10	-	292
Total	2,434	110	(33)	2,511

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	31/03/2017	31/12/2016
- Payables due to banks	41,898	30,133
Total	41,898	30,133

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	31/03/2017	31/12/2016
Cash	4,169	7,776
Other current financial assets	345*	79*
Liquid assets	4,514	7,855
Current financial liabilities	(41,898)	(30,133)
Net current financial indebtedness	(37,384)	(22,278)
Non-current financial liabilities	(11,905)	(13,968)
Non-current financial indebtedness	(11,905)	(13,968)
Net financial indebtedness	(49,289)	(36,246)

* 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 31/03/2017 they totaled €/000 € 22,732, compared to €/000 24,992 as of 31/12/2016.

16. TAX PAYABLES

The item was broken down as follows:

€/000	31/03/2017	31/12/2016
- VAT payables	1,697	743
- Payables due for income taxes	204	96
- Employee IRPEF (personal income tax) payables	272	357
- Other payables	86	144
Total	2,259	1,340

17. OTHER CURRENT LIABILITIES

Other payables were broken down as follows:

€/000	31/03/2017	31/12/2016
- Payables due to employees	3,993	3,342
- Deposits received from customers	1,468	1,515
- Accrued liabilities and deferred income	46	53
- Other payables	1,026	939
Total	6,533	5,849

COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

18. SALES REVENUES

These items refer to revenues for the sales of goods after returns and discount. The revenues at 31st March 2017 for €/000 92,481 increase of 19% in respect to the same period of the previous year (€/000 77,831).

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 (€/000 815).

20. PERSONNEL COST

Here below is the breakdown of personnel cost:

€/000	31/03/2017	31/03/2016	change
- Salaries and wages	5,796	5,341	455
- Social security charges	1,458	1,389	69
- Retirement costs for defined contribution plans	354	319	35
- Other costs	548	770	(222)
Total	8,156	7,819	337

21. AMORTISATION/DEPRECIATION

Amortisation/depreciation is detailed as follows:

€/000	31/03/2017	31/03/2016	Change
- Amortisation of intangible assets	10	22	(12)
- Depreciation of tangible assets	1,464	1,350	114
Total amortisation/depreciation	1,474	1,372	102

22. FINANCIAL INCOME AND CHARGES

Financial income and charges are detailed as follows:

€/000	31/03/2017	31/03/2016	Change
- Other financial income	768	580	188
- Interest and other financial charges	(94)	(288)	194
- Foreign exchange gains/(losses)	(102)	(49)	(53)
Total	572	243	329

of which:

€/000	31/03/2017	31/03/2016	Change
- Profit on LME derivatives	215	129	86
Total	215	129	86

23. INCOME TAX

€/000	31/03/2017	31/03/2016	Change
- Current taxes	(1,014)	(806)	(208)
- Deferred tax assets/(liabilities)	(107)	152	(259)
Total	(1,121)	(654)	(467)

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.

	31/03/2017	31/03/2016
Net profit/(loss) for the period	2,548,407	510,230
Average weighted number of ordinary shares outstanding	26,716,226	26,721,226
Basic earnings/(loss) per Share	0.095	0.019
Diluted earnings/(loss) per Share	0.095	0.019

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	54	87	141

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

In addition, as of , the Group parent company IRCE SPA had a payable of €/000 313 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.