



INTERIM REPORT ON OPERATIONS AT 31st MARCH 2019

TABLE OF CONTENTS**INTERIM REPORT ON OPERATIONS AT 31st MARCH 2019*****Corporate Bodies******Report on operations for First Quarter 2019******Consolidated Financial Statements***

Consolidated statement of financial position
Consolidated income statement
Consolidated statement of comprehensive income
Consolidated Statement of Changes in Equity
Consolidated cash flow statement

Notes to the consolidated Interim Report

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
INDEPENDENT DIRECTOR	MS	FRANCESCA PISCHEDDA
INDEPENDENT DIRECTOR	MR	ORFEO DALLAGO
INDEPENDENT DIRECTOR	MS	GIGLIOLA DI CHIARA

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 SpA

RISK CONTROL COMMITTEE

MS GIGLIOLA DI CHIARA
 MR GIANFRANCO SEPRIANO
 MS FRANCESCA PISCHEDDA

REMUNERATION COMMITTEE

MS FRANCESCA PISCHEDDA
 MR GIANFRANCO SEPRIANO
 MS GIGLIOLA DI CHIARA

INTERNAL AUDITOR

MR FABRIZIO BIANCHIMANI

SUPERVISORY BODY

MR FRANCESCO BASSI
 MR GABRIELE FANTI
 MR GIANLUCA PIFFANELLI

INTERIM REPORT ON OPERATIONS AT 31 MARCH 2019

IRCE Group's first quarter 2019 (the "Group") closed with a net profit of € 1.52 million.

Consolidated turnover was € 85.20 million, down by 9.6% compared to € 94.21 million of first quarter 2018. The reduction is mainly explained by the decrease in volumes, but also reflects the negative impact of the decrease in copper prices; the average LME price of the first three months was 3% lower than in the first quarter of last year.

The reduction in sales involved both the winding wire and the cable sector. The first was affected by the slowdown in demand on the European market, which has lasted for about a year, while sales on Extra-European markets are growing. The cable sector shows a decrease mainly in Italian market.

The consolidated turnover without metal¹ decreased by 7.8%; the winding wires sector decreased by 3.5% and the cables recorded a decrease of 22.9%.

In detail:

Consolidated turnover without metal (€/million)	2019 1 st quarter		2018 1 st quarter		Change
	Value	%	Value	%	%
Winding wires	15.63	81.6%	16.19	77.9%	-3.5%
Cables	3.53	18.4%	4.58	22.1%	-22.9%
Total	19.16	100.0%	20.77	100.0%	-7.8%

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

Consolidated income statement data (€/million)	1 st quarter 2019	1 st quarter 2018	Change
Turnover ²	85.20	94.21	(9.01)
EBITDA ³	2.73	5.66	(2.93)
EBIT	0.97	3.70	(2.73)
Profit before taxes	2.36	4.78	(2.42)
Net result	1.52	2.96	(1.44)
Adjusted EBITDA ⁴	4.10	6.80	(2.70)
Adjusted EBIT ⁴	2.34	4.84	(2.50)

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 (€ +1.37 million in the first quarter 2019 and € +1.14 million in the first quarter 2018). 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 March 31, 2019 was € 52.22 million, down compared to December 31, 2018 (€ 59.71 million), thanks to the generated operating cash flow.

Consolidated statement of financial position data (€/million)	As of 31.03.2019	As of 31.12.2018	Change
Net capital employed	185.84	191.01	(5.17)
Shareholders' equity	133.62	131.30	2.32
Net financial debt ⁵	52.22	59.71	(7.49)

The Group's investments, in the first quarter 2019, were € 0.33 million and mainly concerned IRCE SpA.

For 2019 we expect a slowdown in demand in our markets; the situation is strongly conditioned by the uncertainty about the economic growth in Europe and on the evolution of the international macroeconomic scenarios, which could have important impacts on the economic trend and on our business segments. Our strategy remains focused on technical innovation and cost reduction.

Imola, 14th May 2019

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. 15. It should be noted that the methods for measuring net financial debt comply with the methods for measuring the Net Financial Position defined by Consob Resolution no. 6064293 of 28 July 2006 and CESR recommendation of 10 February 2005.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euros)

ASSETS	Notes	31.03.2019	31.12.2018
NON- CURRENT ASSETS			
Intangibles assets	1	118,097	127,491
Property, plant and equipment	2	47,482,106	48,595,984
Equipment and other tangible assets	2	1,355,582	1,427,154
Assets under construction and advance	2	2,561,657	2,399,588
Non-current financial assets and receivables	3	237,823	111,850
Non-current tax receivables	4	811,582	811,582
Deferred tax assets		1,813,576	1,879,382
TOTAL NON -CURRENT ASSETS		54,380,423	55,353,031
CURRENT ASSETS			
Inventory	5	94,154,427	95,785,674
Trade receivables	6	81,457,694	70,214,345
Receivables due from other	7	3,814,082	4,039,416
Current financial assets	8	1,828,436	589,977
Cash and cash equivalents	9	9,038,906	7,019,127
TOTAL CURRENT ASSETS		190,293,545	177,648,539
TOTAL ASSETS		244,673,968	233,001,570

SHAREHOLDERS EQUITY AND LIABILITIES	Notes	31.03.2019	31.12.2018
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	10	14,626,560	14,626,560
RESERVES	10	117,843,026	111,168,471
RESULT OF THE PERIOD	10	1,521,469	5,875,885
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO SHAREHOLDERS		133,991,055	131,670,916
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		(375,751)	(375,091)
TOTAL SHAREHOLDERS' EQUITY		133,615,304	131,295,825
NON -CURRENT LIABILITIES			
Non-current financial liabilities	11	14,748,857	17,032,831
Deferred tax liabilities		688,717	704,309
Provisions for risks and charges	12	1,327,260	1,893,027
Employee benefits' provisions		5,302,511	5,312,834
TOTAL NON- CURRENT LIABILITIES		22,067,345	24,943,001
CURRENT LIABILITIES			
Current financial liabilities	13	47,244,306	49,995,296
Trade payables	14	30,073,614	16,212,015
Tax payables	15	1,789,234	1,025,696
<i>(of which: related parties)</i>		<i>185,668</i>	<i>185,668</i>
Social security contributions		1,798,865	1,964,232
Other current liabilities	16	8,085,300	7,565,505
TOTAL CURRENT LIABILITIES		88,991,319	76,762,744
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		244,673,968	233,001,570

CONSOLIDATED INCOME STATEMENT

(Euros)

	Notes	31.03.2019	31.03.2018
Sales revenues	17	85,201,057	94,207,132
Other income		430,562	209,732
TOTAL REVENUES		85,631,619	94,416,864
Cost of raw material and consumable	18	(70,760,936)	(79,823,012)
Change in inventories of work in progress and finished good		3,683,807	7,366,932
Cost for services		(7,603,707)	(7,799,224)
Personnel cost	19	(7,830,765)	(8,182,760)
Amortisation/Depreciations	20	(1,727,753)	(1,670,445)
Provisions and write-downs	21	(36,272)	(289,900)
Other operating costs		(391,221)	(320,634)
EBIT		964,772	3,697,821
Financial incomes / (charges)	22	1,396,835	1,082,674
PROFIT BEFORE TAXES		2,361,607	4,780,495
Income Taxes	23	(840,799)	(1,825,037)
PROFIT BEFORE NON-CONTROLLING INTERESTS		1,520,808	2,955,458
Non-controlling interests		661	5,971
PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS		1,521,469	2,961,429

Earnings (loss) per share (EPS)

- basic EPS ascribable to ordinary shareholders of the parent company	24	0.057	0.111
- diluted EPS ascribable to ordinary shareholders of the parent company	24	0.057	0.111

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	31.03.2019	31.12.2018
€/000		
PROFIT / (LOSS) BEFORE NON-CONTROLLING INTEREST	1,521	2,955
Foreign currency translation difference	823	(977)
Total other profit / (loss) net of tax which may be subsequently reclassified to profit / (loss) for the period	823	(977)
Total comprehensive profit / (loss) net of taxes	2,345	1,980
Ascribable to:		
Shareholders of the parent company	2,344	1,985
Minority shareholders	1	(6)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital		Other reserves			Retained earnings						Total	Minority interest	Total shareholders' equity	
	Share capital	Own shares	Share premium reserve	Own shares (shares premium)	Other reserves	Foreing currency reserve	Legal reserve	Extraordinary reserve	Reserve IAS 19	Undivided profit	Result for the period				
€/000															
Balance as of 31 december 2017	14,627	(734)	40,539	258	45,924	(18,343)	2,925	32,277	(1,304)	11,897	4,685	132,749	(350)	132,400	
Change accounting standards (IFRS 15)*								(1,322)				(1,322)		(1,322)	
Balance as of 01 january 2018	14,627	(734)	40,539	258	45,924	(18,343)	2,925	30,955	(1,304)	11,897	4,685	131,427	(350)	131,077	
Result for the period											2,961	2,961	(6)	2,955	
Other comprehensive profit / (loss)						(977)						(977)		(977)	
Total profit / (loss) from statement of comprehensive income						(977)					2,961	1,984	(6)	1,978	
Allocation of the result of the previous year											(4,685)				
Dividends										4,685					
Sell / purchase own shares		(26)		(115)								(141)		(141)	
Balance as of 31 march 2018	14,627	(760)	40,539	143	45,924	(19,320)	2,925	30,955	(1,304)	16,580	2,961	133,268	(356)	132,912	
Balance as of 31 december 2018	14,627	(788)	40,539	64	45,924	(22,624)	2,925	34,486	(1,071)	11,714	5,876	131,671	(375)	131,296	
Result for the period											1,521	1,521	(1)	1,520	
Other comprehensive profit / (loss)						823						823		823	
Total profit / (loss) from statement of comprehensive income						823					1,521	2,345	(1)	2,344	
Allocation of the result of the previous year											(5,876)				
Dividends										5,876					
Sell / purchase own shares		(5)		(15)								(20)		(20)	
Balance as of 31 march 2019	14,627	(793)	40,539	49	45,924	(21,801)	2,925	34,486	(1,071)	17,585	1,521	133,991	(376)	133,615	

CONSOLIDATED STATEMENT OF CASH FLOWS	Note	31.03.2019	31.03.2018
<i>€/000</i>			
OPERATING ACTIVITIES			
Profit for the year		1,521	2,961
<i>Adjustments for:</i>			
Amortization/depreciation	20	1,728	1,670
Net change in deferred taxes assets and deferred taxes liability		50	236
(Gains)/Losses from sell-off of fixed assets		(2)	(13)
(Gains)/Losses on unrealized translation differences		(29)	(138)
Taxes	23	(780)	(1,825)
Financial charges / (incomes)	22	(1,435)	(1,249)
Operating profit/(loss) before change in working capital		1,053	1,643
Financial charges	23	(283)	(207)
Received financial income	23	1,718	1,456
Decrease (increase) in inventory	5	1,631	(4,632)
Change in account receivables	6	(11,243)	(7,886)
Change in account payables	14	13,862	5,714
(Increase) decrease in current assets and liabilities		2,143	3,890
(increase) decrease in non-current assets and liabilities		(694)	88
Exchange difference on translation of financial statement in foreign currency		581	(458)
CASH FLOW GENERATED BY OPERATING ACTIVITIES		8,767	(392)
INVESTING ACTIVITIES			
Investments in intangible assets	1	-	(59)
Investments in tangible assets	2	(325)	(2,733)
Amount collected from sale of tangible and intangible assets		-	-
CASH FLOW USED IN INVESTMENTS		(325)	(2,792)
FINANCIAL ACTIVITIES			
Increase in loans	11	-	3,253
Decrease in loans	11	(2,284)	-
Net change in short-term loans	13	(2,751)	446
Exchange difference on translation of financial statement in foreign currency		(322)	(22)
Change in current financial assets	8	(1,238)	(398)
Change in minority shareholders' capital		(1)	(6)
Sell/purchase own shares		(20)	(141)
CASH FLOW GENERATED FROM FINANCIAL TRANSACTION		(6,616)	3,133
NET CASH FLOW FOR THE PERIOD		1,827	(53)
CASH BALANCE AT START OF YEAR	9	7,019	7,752
TOTAL NET CASH FLOW FOR THE PERIOD		1,827	(53)
EXCHANGE DIFFERENCE		193	(47)
CASH BALANCE AT THE END OF YEAR	9	9,039	7,652

NOTES TO THE CONSOLIDATED INTERIM REPORT AT 31 MARCH 20189
GENERAL INFORMATION

The consolidated interim report as of March 31st, 2019 were authorised for publication by the Board of Directors of IRCE S.p.A. (henceforth also referred to as the "Company") on May 14nd, 2019.

The IRCE Group is one of the major industrial players in Europe in winding wires, as well as in electrical cables in Italy.

Italian plants are located in the towns of Imola (Bologna), Guglionesi (Campobasso), Umbertide (Perugia) and Miradolo Terme (Pavia), while foreign operations are carried out by Smit Draad Nijmegen BV in Nijmegen (NL), FD Sims Ltd in Blackburn (UK), IRCE Ltda in Joinville (SC – Brazil), Stable Magnet Wire P.Ltd in Kochi (Kerala – India) and Isodra GmbH in Kierspe (D). IRCE Electromagnetic wire (Jiangsu) Co. Ltd., new company, is in Haiian (China).

The distribution network consists of agents and the following commercial subsidiaries: Isomet AG in Switzerland, DMG GmbH in Germany, Isolveco Srl and Isolveco 2 Srl in Italy, IRCE S.L. in Spain, and IRCE SP.ZO.O in Poland.

GENERAL CRITERIA

The First Quarter Report at March 31st, 2019 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 2018 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,2019:

Company	% of investment	Registered office	Currency	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%	Italy	€	46,440	line by line
DMG GmbH	100%	Germany	€	255,646	line by line
IRCE S.L.	100%	Spain	€	150,000	line by line
IRCE Ltda	100%	Brazil	BRL	157,894,223	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 SP.ZO.O	100%	Poland	PLN	200,000	line by line
Isolveco 2 Srl	100%	Italy	€	10,000	line by line
Irce Electromagnetic wire (Jiangsu) Co. Ltd	100%	China	CNY	7,738,500	line by line

There are not changes in the consolidation area compared to Consolidated Balance Sheet as of December 31st, 2018.

DERIVATIVE INSTRUMENTS

The Group uses the following types of derivative instruments:

- Derivative instruments related to copper forward transactions with maturity after March 31st, 2019. 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 with reference to the maturity dates of contracts outstanding at the reporting date. These transactions do not qualify as hedging instruments for the purposes of hedge accounting.

A summary of derivative contracts related to copper in force on March 31st, 2019, 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 31/03/2019 €/000
Net Tons	1,675	-	1,091

- Derivative instruments related to USD and GBP forward purchase and sale contracts with maturity after March 31st, 2019. These transactions do not qualify as hedging instruments for the purposes of cash flow hedge accounting.

A summary of derivative contracts related to currencies outstanding on March 31st, 2019:

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 31/03/2019 €/000
USD	10,000	-	102
GBP	6,000	-	(339)

The fair value of forward contracts for currency in force as of March 31st, 2019, 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, 2019 in terms of hierarchical level of fair value measurement (€/000):

March 31 st , 2019	Level 1	Level 2	Level 3	Total
Assets:				
Derivative financial instruments	-	1,193	-	1,193
AFS	-	1,193	-	1,193
Total assets	-	-	-	-
Liabilities:				
Derivative financial instruments	-	(339)	-	(339)
Total liabilities	-	(339)	-	(339)

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. 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	Total
Net carrying amount as of 31/12/2018	106	22	-	128
<i>Movements of the period</i>				
. Investments	-	-	-	-
. Effect of exchange rates	1	-	-	1
. Reclassifications	-	-	-	-
. Amortisation	(10)	(1)	-	(11)
Total changes	(9)	(1)	-	(10)
Net carrying amount as of 31/03/2019	97	21	-	118

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 31/12/2018	11,615	13,965	23,015	909	518	2,400	52,423
<i>Movements of the period</i>							
. Investments	-	4	101	19	33	168	325
. Effect of exchange rates	46	155	160	4	2	2	369
. Reclassifications	-	-	8	-	-	(8)	-
. Divestments	-	-	-	(1)	(98)	-	(99)
. Depreciation relative to disposals	-	-	-	1	98	-	99
. Depreciation of the period	-	(273)	(1,315)	(89)	(40)	-	(1,717)
Total changes	46	(114)	(1,046)	(66)	(5)	162	(1,023)
Net carrying amount as of 31/03/2019	11,661	13,851	21,969	843	513	2,562	51,400

The Group's investments, in first quarter 2019, were € 0.33 million and mostly concerned the Parent Company IRCE S.p.A.

3. NON-CURRENT FINANCIAL ASSETS AND RECEIVABLES

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

€/000	31/03/2019	31/12/2018
- Equity investments in other companies	116	112
- Other receivables	122	-
Total	238	112

The item "equity investments in other companies" refers to a shareholding held in the Indian subsidiary Stable Magnet Wire P. Ltd in a dormant company.

4. 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.

5. INVENTORIES

Inventories are detailed as follows:

€/000	31/03/2019	31/12/2018
- Raw materials, ancillary and consumables	31,687	37,269
- Work in progress and semi-finished goods	20,443	11,110
- Finished products and goods	45,835	51,218
- Provisions for write-down of raw materials	(2,876)	(2,876)
- Provisions for write-down of finished products and goods	(935)	(935)
Total	94,154	95,786

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.

6. TRADE RECEIVABLES

€/000	31/03/2019	31/12/2018
- Customers/bills receivable	82,217	70,963
- Bad debt provision	(759)	(748)
Total	81,458	70,215

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 2019:

€/000	31/12/2018	Allocations	Uses	31/03/2019
Bad debt provision	748	36	(25)	759

7. RECEIVABLES DUE FROM OTHERS

The item was broken down as follows:

€/000	31/03/2019	31/12/2018
- Accrued income and prepaid expenses	315	146
- Receivables due from social security institutions	119	84
- Other receivables	1,616	1,481
- VAT receivables	1,764	2,328
Total	3,814	4,039

The item "other receivables" is mainly linked to a bonus to be received by the Parent Company IRCE SpA on energy consumption for the year 2017, assigned by the Authority for electricity with the authorisation from the Ministry for Economic Development.

8. CURRENT FINANCIAL ASSETS

/000	31/03/2019	31/12/2018
- Mark to Market copper forward transactions	1,091	295
- Mark to Market USD forward transactions	102	-
- Fixed deposit for LME transactions	635	295
Total	1,828	590

The items "Mark to Market forward transactions copper and USD" refer to the Mark to Market (*fair value*) measurement of derivative contracts outstanding as of 31/03/2019 of parent Company IRCE S.p.A.

9. CASH AND CASH EQUIVALENTS

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

€/000	31/03/2019	31/12/2018
- Bank deposits	8,215	6,158
- Cash on hand and valuables	824	861
Total	9,039	7,019

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

10. 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, 2019 amounted to 1,525,288 and correspond to 5,42% of the share capital.

Reserves are detailed below:

€/000	31/03/2019	31/12/2018
- Own shares (deducted from share capital)	(793)	(788)
- Share premium reserve	40,539	40,539
- Own shares (share premium)	49	64
- Other capital reserves	45,924	45,924
- Foreign currency translation reserve	(21,801)	(22,624)
- Legal reserve	2,925	2,925
- Extraordinary reserve	34,486	34,486
- IAS 19 reserve	(1,071)	(1,071)
- Undivided profit	17,585	11,714
Total	117,843	111,168

11. NON-CURRENT FINANCIAL LIABILITIES

€/000	Currency	Rates	Company	31/03/2019	31/12/2018	Due
Banco Popolare	EUR	Variabile	IRCE S.p.A.	4,375	4,375	2023
Banca di Imola	EUR	Variabile	IRCE S.p.A.	631	1,260	2020
CARISBO	EUR	Variable	IRCE S.p.A.	3,000	4,000	2020
Mediocredito Italiano	EUR	Variable	IRCE S.p.A.	4,615	5,077	2025
Banco Popolare	EUR	Variable	Isomet AG	2,128	2,321	2021
Total				14,749	17,033	

12. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges were broken down as follows:

€/000	31/12/2018	Allocations	Uses	31/03/2019
Provisions for risks and disputes	1,599	163	(734)	1,028
Provision for severance payments to agents	294	5	-	299
Total	1,893	168	(734)	1,327

13. CURRENT FINANCIAL LIABILITIES

The current financial liabilities are detailed below:

€/000	31/03/2019	31/12/2018
- Payables due to banks	46,905	49,931
- Mark to market derivatives	339	64
Total	47,244	49,995

The item "Mark to Market Derivatives" refers to the Mark to Market (*Fair Value*) measurement of currencies forward contracts outstanding as of 31/03/2019 of the Parent Company IRCE S.p.A.

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	31/03/2019	31/12/2018
Cash	9,039	7,019
Other current financial assets	737*	295*
Liquid assets	9,776	7,314
Current financial liabilities	(47,244)	(49,995)
Net current financial indebtedness	(37,468)	(42,681)
Non-current financial liabilities	(14,749)	(17,033)
Non-current financial indebtedness	(14,749)	(17,033)
Net financial indebtedness	(52,217)	(59,714)

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

14. TRADE PAYABLES

Trade payables are all due in the next 12 months.

As of 31/03/2019 they totaled €/000 € 30,074, compared to €/000 16,212 as of 31/12/2018.

15. TAX PAYABLES

The item was broken down as follows:

€/000	31/03/2019	31/12/2018
- Payables due for income taxes	1,789	1,026
Total	1,789	1,026

16. OTHER CURRENT LIABILITIES

Other payables were broken down as follows:

€/000	31/03/2019	31/12/2018
- Payables due to employees	3,956	3,668
- Deposits received from customers	2,142	1,617
- Accrued liabilities and deferred income	374	353
- Other payables	447	861
- VAT payables	855	590
- Employee IRPEF (personal income tax) payables	311	477
Total	8,085	7,566

COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT
17. SALES REVENUES

These items refer to revenues for the sales of goods after returns and discount. The revenues at 31st March 2019 for €/000 85,201 decrease of 9.6% in respect to the same period of the previous year (€/000 94,207).

18. COSTS OF RAW MATERIALS AND CONSUMABLES

This item is equal to €/000 70,761 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 5,776).

19. PERSONNEL COST

Here below is the breakdown of personnel cost:

€/000	31/03/2019	31/03/2018	change
- Salaries and wages	5,469	5,688	(219)
- Social security charges	1,434	1,551	(117)
- Retirement costs for defined contribution plans	346	337	9
- Other costs	582	607	(25)
Total	7,831	8,183	(352)

20. AMORTISATION/DEPRECIATION

Amortisation/depreciation is detailed as follows:

€/000	31/03/2019	31/03/2018	Change
- Amortisation of intangible assets	11	25	(14)
- Depreciation of tangible assets	1,717	1,645	72
Total amortisation/depreciation	1,728	1,670	58

21. PROVISIONS AND WRITE-DOWNS

Provisions and write-downs are broken down as follows:

€/000	31/03/2019	31/03/2018	change
- Write-downs of receivables	36	60	(24)
- Provisions for risks	-	230	(230)
Total provisions and write-downs	36	290	(254)

22. FINANCIAL INCOME AND CHARGES

Financial income and charges are detailed as follows:

€/000	31/03/2019	31/03/2018	Change
- Other financial income	1,718	1,456	262
- Interest and other financial charges	(283)	(207)	(76)
- Foreign exchange gains/(losses)	(38)	(166)	128
Total	1,397	1,083	314

of which:

€/000	31/03/2019	31/03/2018	Change
- Profit on LME derivatives	1,372	1,140	232
Total	1,372	1,140	232

23. INCOME TAX

€/000	31/03/2019	31/03/2018	Change
- Current taxes	(780)	(1,591)	(811)
- Deferred tax assets/(liabilities)	(61)	(234)	(173)
Total	(841)	(1,825)	(984)

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.

	31/03/2019	31/03/2018
Net profit/(loss) for the period	1,521,469	2,961,429
Average weighted number of ordinary shares outstanding	26,602,712	26,665,726
Basic earnings/(loss) per Share	0.057	0.111
Diluted earnings/(loss) per Share	0.057	0.111

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	63	84	147

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

28. EVENTS FOLLOWING THE REPORTING PERIOD

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

29. 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.