



THIRD QUARTERLY REPORT AS OF 30 SEPTEMBER 2010

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

BOARD OF DIRECTORS AND AUDITORS***BOARD OF DIRECTORS***

Chairman	Filippo Casadio
Executive Director	Francesco Gandolfi Colleoni
Non- executive Director	Gianfranco Sepriano
Independent Director	Fabio Senese
Independent Director	Orfeo Dallago

BOARD OF AUDITORS

Chairman	Leonello Venceslai
Regular Auditor	Franco Stupazzini
Regular Auditor	Gianfranco Zappi
Alternate Auditor	Massimo Garuti
Alternate Auditor	Davide Galli

EXTERNAL AUDITORS

Reconta Ernst & Young Spa

DIRECTORS' REPORT ON THE TREND OF THE THIRD QUARTERLY REPORT AS OF 30 SEPTEMBER 2010

Over the first nine months of the year, signs of recovery, appeared in the final part of 2009, consolidated progressively. Demand of winding wire continued to grow with significant results in the last two quarters, when sale volumes were much higher than last year. Opposite was instead the situation of the cable market, where demand was still weak as a result of the crisis of the building industry.

In this framework, also because of the higher copper price, consolidated sales were € 276.1 million, 68.6% higher than last year (€ 163.8 million).

The consolidated non-metal sales¹ grew in total by 17.0%, winding wire increased by 30.0%, while cables decreased by 14.9%.

In detail:

Consolidated non-metal sales (€/million)	2010 9 months		2009 9 months		Variation
	Value	%	Value	%	%
Winding wires	48.5	79.0%	37.3	71.0%	30.0%
Cables	12.9	21.0%	15.2	29.0%	-14.9%
Total	61.4	100.0%	52.5	100.0%	17.0%

EBITDA and EBIT, and the respective adjusted values, were much better as reported in the following table:

Financial Data (€/million)	2010 9 months	2009 9 months
SALES ²	276.1	163.8
EBITDA	24.2	8.3
EBITDA adjusted ³	13.4	1.6
EBIT	15.4	1.4
EBIT adjusted ³	4.6	(5.2)
NET PROFIT / (LOSS)	8.5	(11.4)
NET PROFIT / (LOSS) adjusted ⁴	2.1	(11.4)

¹ The non-metal sales total corresponds to the global sales total subtracting the metal component.

² The item "Sales" represents "Sales and services revenues" as stated on the profit and loss account.

³ Adjusted EBITDA and adjusted EBIT are measured, respectively, as the sum of EBITDA and EBIT plus/minus the income/costs deriving from copper derivatives transactions as indicated on Note 15, minus/plus the effect of the copper price increase/decreases on the value of inventory as indicated on Nota 4. These indicators are measurements used by Group Management to monitor and evaluate its operational performance and are not identified as an accounting measure under IFRS. Since the composition of these measurements is not governed by the reference accounting standards, it is possible that the Group's benchmark may not be the same as that used by others, and could therefore not be comparable.

⁴ The adjustment of Net profit takes into account the tax effect.

Investments in fixed assets have been € 9.7 million. They were mostly related to the expansion of IRCE Ltda's and Smit Draad Nijmegen BV's production lines.

Net financial indebtedness, at the end of September, was € 72.6 million, higher than € 43.9 million at the end of 2009. Such increase is mostly due to the expansion of the working capital required by higher sales.

Net Financial Indebtedness ⁵ (€/million)	30/09/2010	31/12/2009
	72.6	43.9

Business outlook

Currently, sale volumes of winding wire continue to be high, even though orders are recording a slight slowdown, while the cable segment is showing some sign of recovery linked to the demand for photovoltaic installations. In this situation, we believe the results for the entire year will continue to improve.

Inter-group transactions

Regarding the relationship on correlated parties, including the parent company, these are not qualified like atypic and unusual but concerned the normal activity of the Group.

No significant events occurred after the end of quarter.

Imola, 12th November 2010

The Chairman
Filippo Casadio

⁵ Net financial indebtedness is measured as the sum of the short and long term financing sources less cash on hand, note no. 11 Please note that the methods for measuring the net financial indebtedness comply with the measurement method of the Net Financial Position as defined by the Consob Deliberation no. 6064293 dtd. 28.07.2006 and by the CESR guidelines dtd. 20.02.2005.

STATEMENT OF FINANCIAL POSITION

ASSETS	Note	30.09.2010	30.06.2010	31.12.2009
NON CURRENT ASSETS				
Goodwill and intangibles assets	1	2,356,476	2,363,935	2,338,807
Land, buildings, plant and machinery	2	69,246,641	67,163,693	60,155,187
Industrial and commercial equipment and other assets	2	1,627,995	1,752,770	1,859,112
Work in progress and advance payments	2	4,628,314	9,130,152	9,371,345
Other financial assets		93,873	98,001	85,576
Advanced taxes	3	7,663,565	7,874,785	9,861,917
TOTAL NON CURRENT ASSETS		85,616,864	88,383,336	83,671,944
CURRENT ASSETS				
Inventory	4	91,134,626	94,181,429	61,465,053
Trade receivables	5	88,048,235	96,482,262	66,026,923
Receivables from parent company	6	566,436	1,360,013	1,360,013
Tax receivables		4,111,953	4,113,126	2,873,412
Other receivables		2,003,938	2,495,151	1,970,356
Other financial current assets	7	3,446,595	4,488,488	5,361,123
Cash and cash equivalent	8	5,723,149	2,417,380	3,606,456
TOTAL CURRENT ASSETS		195,034,932	205,537,849	142,663,336
TOTAL ASSETS		280,651,796	293,921,185	226,335,280

LIABILITY AND SHAREHOLDERS EQUITY	Note	30.09.2010	30.06.2010	31.12.2009
NET EQUITY				
SHARE CAPITAL	9	14,626,560	14,626,560	14,626,560
RESERVES	9	115,800,074	118,513,501	129,979,830
PROFIT (LOSS) OF THE PERIOD		8,454,461	7,387,151	(15,167,855)
TOTAL GROUP SHAREHOLDERS' EQUITY		138,881,095	140,527,212	129,438,535
MINORITY INTEREST		215,945	310,142	307,523
TOTAL SHAREHOLDERS' EQUITY		139,097,040	140,837,354	129,746,058
NON CURRENT LIABILITIES				
Non-current financial liabilities	10	18,758,378	19,135,252	22,186,668
Deferred tax liabilities		2,453,600	2,617,181	2,221,628
Provision for risks and charges		1,403,761	1,644,881	919,837
Employee benefits obligation		5,228,694	5,296,683	5,474,623
TOTAL NON CURRENT LIABILITIES		27,844,433	28,693,997	30,802,756
CURRENT LIABILITIES				
Current financial liabilities	11	62,976,331	66,973,009	30,651,172
Trade payables		34,700,675	42,207,472	21,951,010
Tax payables		5,029,402	5,355,427	3,037,044
Payables to social security		2,647,302	2,378,328	2,619,476
Other payables		8,356,613	7,475,598	7,527,764
TOTAL CURRENT LIABILITIES		113,710,323	124,389,834	65,786,466
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		280,651,796	293,921,185	226,335,280

INCOME STATEMENT

	Note	30.09.2010	30.09.2009	III quarter. 2010	III quarter. 2009
Sales and services revenues	12	276,119,622	163,797,970	94,924,047	58,891,007
Other income	12	1,160,571	955,152	232,549	301,521
TOTAL REVENUES		277,280,193	164,753,122	95,159,596	59,192,528
Raw material and consumables used	13	(220,610,654)	(107,568,145)	(70,078,934)	(45,608,259)
Change in finished good and wip		13,625,407	(8,648,114)	(1,667,119)	3,160,315
Services		(24,567,996)	(20,032,868)	(8,180,086)	(6,426,581)
Personnel costs		(20,415,734)	(19,287,500)	(6,624,841)	(6,413,416)
Depreciations	14	(6,410,127)	(6,838,795)	(2,206,956)	(2,437,478)
Provisions		(2,425,965)	(20,782)	331,889	(15,321)
Other expenses		(1,119,661)	(943,547)	(733,524)	(285,807)
OPERATING INCOME		15,355,463	1,413,370	5,997,025	1,165,979
Financial incomes and charges	15	(2,880,188)	(15,884,077)	(4,382,607)	(6,032,869)
PROFIT / (LOSS) BEFORE TAXES		12,475,275	(14,470,708)	1,614,418	(4,866,890)
Taxes	16	(4,021,801)	3,087,750	(552,237)	1,111,345
PROFIT / (LOSS) FOR THE PERIOD		8,453,474	(11,382,958)	1,062,181	(3,755,544)
Minority interest		987	18,195	5,130	4,621
PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY		8,454,461	(11,364,763)	1,067,311	(3,750,923)

EXPLANATORY NOTES TO THE QUARTERLY REPORT AS OF 30 SEPTEMBER 2010

GENERAL INFORMATION

The Board of Directors authorized this Quarterly Report as of 30 September 2010, to be published on 12th November 2010.

Irce Spa is a corporate company set up according to the Law of Italy and its registered office is located in Imola (BO) via Lasie 12/a.

The Irce Group owns 8 manufacturing plants and places itself well among Europe's major manufacturers of electric winding wire (coated wire). In Italy, the Irce Group is a leading manufacturer of electric cables.

Irce's manufacturing plants in Italy are located in Imola (BO), Guglionesi (CB), Umbertide (PG) e Miradolo Terme (PV). The plants abroad are located in Draad Nijmegen BV (NL) at Smit Draad Nijmegen headquarters, Blackburn (UK) at FD Sims headquarters, Joinville (Brazil) – Irce Ltd headquarters at Kochi (India) office of Stable Magnet Wire P.Ltd.

Irce Group distribution and sales network is based on sale agents and a number of commercial firms: Isomet in Switzerland, DMG in Germany, Isolveco Srl in Italy, Irce S.L. in Spain.

STRUCTURE & CONTENTS

The consolidated financial statements for the nine months ended 30 September 2010 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and with art.154 ter TUF.

The consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group annual financial statements as of 31 December 2009.

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

Evaluation usage

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

The evaluations and the assumptions have to be revised from time to time and the result of every variation affects the economic account.

CONSOLIDATION AREA

The table below lists the companies included in the consolidation area at 30 September 2010:

Company	% shareholding	Registered office	Share capital	Consolidation
Isomet AG	100%	Switzerland	Fsv. 1,000,000	integral
Smit Draad Nijmegen BV	100%	Holland	€. 1,165,761	integral
FD Sims Ltd	100%	England	£. 15,000,000	integral
Isolveco Srl	75.0%	Italy	€. 46,440	integral
DMG GmbH	100%	Germany	€. 255,646	integral
IRCE S.L.	100%	Spain	€ 150,000	integral
IRCE Ltda	99%	Brazil	Real 82,459,148	integral
Stable Magnet Wire P.Ltd.	97.12%	India	INRs 165,189,860	integral

There are not changes in the consolidation area compared to Consolidated Balance Sheet as of 31 December 2009 and 30 June 2010.

DERIVATIVE INSTRUMENTS

The Group currently has the following types of derivatives:

- Derivatives relative to obligations for forward sales of copper, with a maturity date after 30 September 2010. The sale contracts were entered into in order to counter price reductions relative to the availability of raw materials. The fair value of forward contracts for the sale of copper, open on the financial statements date, is determined according to forward prices of copper with reference to the maturity dates of any existing contracts on the financial statements closing date. These transactions do not meet the requirements for recognition as hedge accounting instruments.
- Derivatives relative to obligations for forward purchases of copper, with a maturity date after 30 September 2010. The purchase contracts were entered into in order to prevent price increases relative to sales commitments with copper at fixed values. The fair value of forward contracts for the sale of copper, open on the financial statements date, is determined according to forward prices of copper with reference to the maturity dates of any existing contracts on the financial statements closing date. These transactions meet the requirements for recognition as instruments for cash flow hedge accounting.

The following is a summary of the commodity (copper) derivatives for forward sales and purchases, open as at 30 September 2010:

Unit of measurement of notional value	Notional value with maturity within one year, tonnes	Notional value with maturity after one year	Result with valuation at fair value, 30.09.10 €/000
Tonnes/Sales	3,700	0	(2,969)
Tonnes/Purchases	1,048	0	1,831

The fair value of forward contracts for the sale and purchase of copper, open on 30 September 2010, is determined according to forward prices of copper with reference to the maturity dates of any contracts still existing on the financial statements closing date.

NOTES ON THE MAIN ITEMS OF STATEMENT OF FINANCIAL POSITION

1. INTANGIBLE ASSETS

The item is the set of intangible assets that will provide future earnings. The main representative item is the goodwill for €/000 2,031.

The goodwill entered on the Irce Group balance sheet has been estimated at its use value and refers to the major residual value paid in taking over the Draad Nijmegen holding, compared to the corresponding Shareholders' equity book value. The value is subject to impairment test once a year (last test during the 2009 closing balance) to assess possible losses. Cash flow generating units (CGU) have been found; they will benefit from the synergic effects deriving from the acquisition. In this case controlled company Draad has been found a unique CGU formed by the manufacturing and marketing activities of winding wires. During the nine months there wasn't the necessity to test with impairment indicators any intangible assets.

2. TANGIBLE ASSETS

€/000	Land	Buildings	Plant & machinery	Industrial equipment & commercial facilities	Other assets	Assets being created & prepayments	Total
Net Value at 31.12.2009	13,076	20,192	26,887	1,317	542	9,371	71,386
<i>Operations</i>							
. Investments	1	202	7,157	213	139	1,996	9,708
. Others movements	226	613	818	6	15	(417)	1,261
. Reclasiification	75	(75)	5,790	31	0	(6,322)	(501)
. Divestments	0	0	(3,738)	(84)	(157)	0	(3,979)
. Depreciation	0	0	3,697	84	157	0	3,938
. Depreciation in the course	0	(759)	(4,916)	(483)	(152)	0	(6,310)
Total	302	(19)	8,808	(233)	2	(4,743)	4,117
Net value at 30.09.2010	13,378	20,173	35,695	1,084	544	4,628	75,503

The investments have been mostly made by the controlled companies Irce Ltda and Smit Draad Nijmegen BV.

3. ADVANCED TAXES

The advanced taxes receivable are recorded in respect of all the deductible temporary differences as well as the tax assets and liabilities carried forward, to the extent that there are probable future taxable profits which will render applicable the use of temporary deductible differences and tax assets and liabilities carried forward. The value on the financial assets closing date has been reviewed considering the probability of sufficient future taxable profits to enable this credit to be used totally or partially.

4. INVENTORY

Inventory is detailed below:

€/000	30.09.2010	30.06.2010	31.12.2009
- Raw materials	31,546	32,522	16,018
- Products under development	14,773	15,557	8,567
- Finished products	44,816	46,102	36,880
Total	91,135	94,181	61,465

In the course of the financial year, the inventory have not been depreciated and no previous inventory losses reversed.

The increase in respect to 31/12/2009 is due to the increase of volumes and prices.

The inventory value at 30/09/2010 has been affected, for about €/000 9,400, by the copper price's revaluation on the quantities stocked at the beginning of year.

5. TRADE RECEIVABLES

€/000	30.09.2010	30.06.2010	31.12.2009
- Customers receivable	91,526	101,349	70,806
- Bad debts provision	(3,478)	(4,867)	(4,779)
Total	88,048	96,482	66,027

The amounts receivable from the customers fall due over the next 12 months.
The increase in respect to 31/12/2009 is proportionate to the turnover's increase.

6. RECEIVABLES FROM PARENT COMPANY

This item concerns the amounts receivable from controlling company Aequafin Spa, which relate to taxes receivables as a result of the application of the consolidated national tax scheme.

7. OTHER CURRENT FINANCIAL ASSETS

€/000	30.09.2010	30.06.2010	31.12.2009
- Forward operations for copper Mark to Market	1,831	4,342	3,326
- Forward operations for currencies Mark to Market	-	-	20
- Fixed account for LME's operations	1,616	146	2,015
Total	3,447	4,488	5,361

Item "Forward operations for copper Mark to Market" refers to the Mark to Market valuation (*fair value*) of forward purchases contracts for copper open at 30.09.2010, the purchases copper contracts has been stipulated by controlled company Simt Draad Nijmegen BV totalling 1,048 ton.

The Item "Fixed account for LME operations" refers to the margin call deposited at Brokers for the forward LME contracts.

8. CASH AND CASH EQUIVALENT

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

€/000	30.09.2010	30.06.2010	31.12.2009
- Bank deposits	5,275	2,388	3,269
- Cash on hand and valuables	448	29	337
Total	5,723	2,417	3,606

Short-term bank deposits yield variable interest. Bank deposits and giro accounts in effect at the close of balance sheet are not subject to liens or restrictions.

9. SHARE CAPITAL AND RESERVES

The share capital consists of 28,128,000 ordinary shares for an equivalent of € 14,626,560. The share capital is entirely subscribed and paid in. The shares are free of liens, claims or priorities that may affect profit sharing and repayment of capital.

The company's own shares at 30 September 2010 are 1,654,173.

The Company Reserves are detailed below:

€/000	30.09.2010	30.06.2010	31.12.2009
- Share premium reserve	40,538	40,538	40,538
- Legal reserve	2,925	2,925	2,925
- Company's own shares	(860)	(860)	(860)
- Earnings to be appropriated for investments in Southern Italy	201	201	201
- Conversion-related reserve	3,897	5,614	(127)
- Consolidation-related reserve	10,381	10,381	10,381
- Extraordinary Reserve	30,967	30,967	45,534
- Company surplus reserve	6,622	6,622	6,622
- IAS/IFRS transition reserve	2,009	2,009	2,009
- Retained earnings	3,557	3,557	4,687
- IAS/IFRS Fair Value reserve	15,563	16,559	18,070
Total	115,800	118,513	129,980

10. NON-CURRENT FINANCIAL LIABILITIES

€/000	Currency	Rate	Company	30.09.2010	31.12.2009	Expiration
Unicredit	Euro	Variable	IRCE SPA	3,145	4,165	2011
Carisbo	Euro	Variable	IRCE SPA	5,000	6,000	2012
Banca Intesa	Euro	Variable	IRCE SPA	9,108	10,000	2014
NAB	CHF	Fixed	Isomet AG	1,505	1,348	2011
Carisbo	CHF	Fixed	Isomet AG	-	674	2010
Total				18,758	22,187	

11. CURRENT FINANCIAL LIABILITIES

The current financial liabilities are detailed below:

€/000	30.09.2010	30.06.2010	31.12.2009
- Due to banks	60,007	66,973	27,095
- Amounts payable for derivatives	2,969	-	3,556
Total	62,976	66,973	30,651

The sensible increase of the banks liabilities, due to the economic trend and consequently to the working capital increase, has been carried out by import financing and invoices advance. Such increase is mostly due to the expansion of the working capital.

Item "Amounts payable for derivatives" includes the Mark to Market valuation (*fair value*) of forward sales contracts for copper, open at 30 september 2010. The sales copper contracts has been stipulated by IRCE SPA totalling 3,425 ton and controlled company FD Sims Ltd totaling 274 ton.

The actual net financial position of the Irce Group has been worked out considering the amounts payable to banks and other financial backers, liquid assets and the financial liabilities is as follows:

€/000	30.09.2010	30.06.2010	31.12.2009
Cash	5,723	2,417	3,606
Other current financial assets	3,447	4,488	5,361
Cash and cash equivalents	9,170	6,905	8,967
Current financial liabilities	(62,976)	(66,973)	(30,651)
Current net financial liabilities	(53,806)	(60,068)	(21,684)
Non-current financial liabilities	(18,758)	(19,135)	(22,187)
Non-current financial liabilities	(18,758)	(19,135)	(22,187)
Net financial position	(72,564)	(79,203)	(43,871)

NOTES TO THE PRINCIPAL ITEMS ON THE INCOME STATEMENT

12. REVENUES

These items refer to revenues for the sales of goods and service after returns and discount. The revenues at 30 September 2010 for €/000 276,120 increase of 69% in respect to the same period of the previous year (€/000 163,798).

13. RAW MATERIALS AND CONSUMABLES USED

This item includes the costs borne for purchasing raw materials – such as copper, insulating materials, packaging materials and consumable items (for maintenance work).

14. DEPRECIATION

Depreciation is as follows:

€/000	30.09.10	30.09.09	III° quarter 10	III° quarter 09
- Intangible asset depreciation	101	66	37	35
- Tangible asset depreciation	6,309	6,773	2,170	2,403
Total	6,410	6,839	2,207	2,438

15. FINANCIAL INCOMES AND CHARGES

The financial incomes and charged are detailed below:

€/000	30.09.10	30.09.09	III° quarter 10	III° quarter 09
- Other financial incomes	257	523	43	25
- Interest and other financial charges	(1,248)	(893)	(551)	(201)
- Profits (losses) on currency exchange	(477)	1,558	126	294
Total	(1,468)	1,188	(382)	118

€/000	30.09.10	30.09.09	III° quarter 10	III° quarter 09
- Profits on LME Operations	1,687	-	(1,113)	-
- Losses on LME Operations	(3,099)	(17,072)	(2,888)	(6,151)
Total	(1,412)	(17,072)	(4,001)	(6,151)

Item "Profits on LME Operations" refers to the closing of forward sales contracts of copper stipulated by IRCE SPA.

Item "Losses on LME Operations" refers for €/000 2,768 to the result of Mark to Market valuation (*fair value*) of forward sales contracts of copper, open at 30 September 2010, stipulated by IRCE SPA, for €/000 201 to the closing of forward sales contracts of copper stipulated by the parent company FD Sims Ltd and for €/000 130 to the result of Mark to Market valuation (*fair value*) of forward sales contracts of copper, open at 30 September 2010, stipulated by FD Sims Ltd.

This Losses have been considered for the EBITDA and EBIT adjusted for €/000 1,412 at 30 September 2010 and for €/000 6,635 at 30 September 2009.

16. INCOME TAX

€/000	30.09.10	30.09.09	III° quarter 10	III° quarter 09
- Current taxes	(1,521)	(612)	(434)	(213)
- Prepaid / deferred taxes	(2,501)	3,700	(118)	1,324
Total	(4,022)	3,088	(552)	1,111

EVENTS OCCURED AFTER BALANCE SHEET END DATE

No major events occurred in the intervening time between financial year end and the date the balance sheet was approved.

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

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