HALF - YEAR CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2010

CONTENTS

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2010

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

INTERIM DIRECTORS' REPORT

Over the first six months of the year, the winding wire market has been recovering. Demand has been growing and became bright during the summer; sales volumes were much higher than in the first half of 2009. The market of cables has, instead, continued to be conditioned by the crisis of the construction industry.

Within this framework, considering also the effect of the higher copper prices, consolidated sales were €. 181.2 million, 72.2% more than in the first six months of last year (€. 104.9 million).

The consolidated non-metal sales[1], which not consider the copper price, has increased by 18.8%. In particular winding wires sector shows an increase of 33.9%, while the cables have decreased by 15.9%.

In detail:

Consolidated non-metal sales (€/million)	2010 1st half year		2009 1st half year		Variation
	Value	%	Value	%	%
Winding wires	32.8	*78.5%*	24.5	*69.6%*	*33.9%*
Cables	9.0	*21.5%*	10.7	*30.4%*	*-15.9%*
Total	41.8	*100.0%*	35.2	*100.0%*	*18.8%*

EBITDA and EBIT, and their adjusted values, have improved.

They are reported in the following table:

Financial Data (€/million)	2010 1st half year	2009 1st half year
SALES[2]	181.2	104.9
EBITDA	16.3	4.7
EBITDA adjusted[3]	10.8	1.5
EBIT	9.4	0.2
EBIT adjusted[3]	3.9	(2.9)
NET PROFIT / (LOSS)	7.4	(7.6)
NET PROFIT / (LOSS) adjusted[4]	1.8	(7.6)

The net financial indebtedness at the end of June 2010 was €. 79.2 million, up from €. 43.9 million at the end of 2009. Such increase is due to the expansion of the working capital, caused by the larger level of sales.

---

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

[2] The item "Sales" represents "Sales and service revenues" as stated on the income statement.

[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 24, minus/plus the effect of the copper price increase/decreases on the value of inventory as indicated on Nota 5. 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.

Net financial indebtedness[5] (€/millions)	30/06/2010	31/12/2009
	79,2	43,9

Investments

The Group investments during the period, equal to € 6,0 million, mainly relate to costs incurred in expanding the production lines of the Brazilian subsidiary IRCE Ltda and Dutch subsidiary Smit Draad Nijmegen BV.

Mains risks and uncertainties

The main risks and uncertainties faced by the Group are described here below, as well as their targets and management policies.

Market risk
The main markets for IRCE products are automotive, electrical household appliances, electro-mechanics and building. In the last business year sales and results were negatively influenced by their strong link with the general economic trend, while in the first half of 2010 the economy recovery involves all markets except the cables for contruction industry, showing important increases in sales volumes of winding wire market.

Risks connected with fluctuating raw materials price
The main material used by the Group is copper, whose price changes can influence margins and the needs for working capital. To lessen the possible impact of copper price changes on the margins a hedging policy is being carried out with forward contracts on the positions generated by the operating activity, where the financial instruments are mostly used by the company.

Credit risk
The crediting position does not show particular concentrations. The risk is steadily monitored by suitable assessment and credit granting procedures.

Cash risk
The financial situation and the availability of credit facilities exclude difficulties in fulfilling obligations associated with financial liabilities.

Currency exchange risk
The Group mainly uses Euro as reference currency for its transaction, thus it is subject to limited exchange risks in its operating activity. It is subject to translation risks for investments in Brazil, England and India.

Business outlook

The result of the first six months suggests good expectations. Volume of winding wire sales of the second semester should remain at the level of the first six months; with regard to cables, instead, there are not yet concrete signs that lead us to believe to a market recovery.

Inter-group transactions

Business relations with the Group companies were relative solely to the exchange of products and machinery, agency commissions and packaging returns.

[5] Net financial indebtedness is measured as the sum of the short and long term financing sources less cash on hand, note no. 17. 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.

Interrelated parties transactions, including inter-group transactions, cannot be described as atypical or unusual and pertaining to the Group's normal course of business.

This consolidated financial statement has been audited by Reconta Ernst & Young SpA.

Imola 27th August 2010

The Chairman

Filippo Casadio

STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	30.06.2010	31.12.2009
NON - CURRENT ASSETS			
Goodwill and intangibles assets	1	2,363,935	2,338,807
Land, buildings, plant and machinery	2	67,163,693	60,155,187
Industrial and commercial equipment and other assets	2	1,752,770	1,859,112
Work in progress and advance payments	2	9,130,152	9,371,345
Other financial assets	3	98,001	85,576
Advanced tax	4	7,874,785	9,861,917
TOTAL NON CURRENT ASSETS		**88,383,336**	**83,671,944**
CURRENT ASSETS			
Inventory	5	94,181,429	61,465,053
Trade receivables	6	96,482,262	66,026,923
Receivables from parent company	7	1,360,013	1,360,013
Tax receivables	8	4,113,126	2,873,412
Other receivables	9	2,495,151	1,970,356
Other financial current assets	10	4,488,488	5,361,123
Cash and cash equivalent	11	2,417,380	3,606,456
TOTAL CURRENT ASSETS		**205,537,849**	**142,663,336**
TOTAL ASSETS		**293,921,185**	**226,335,280**

SHAREHOLDERS EQUITY AND LIABILITY	Notes	30.06.2010	31.12.2009
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	12	14,626,560	14,626,560
RESERVES	12	118,513,501	129,979,829
PROFIT (LOSS) FOR THE PERIOD		7,387,151	(15,167,855)
TOTAL GROUP SHAREHOLDERS' EQUITY		**140,527,212**	**129,438,535**
MINORITY INTEREST		**310,142**	**307,523**
TOTAL SHAREHOLDERS' EQUITY		**140,837,354**	**129,746,058**
NON - CURRENT LIABILITIES			
Non-current financial liabilities	13	19,135,252	22,186,668
Deferred tax liabilities	14	2,617,181	2,221,628
Provisions for risks and charges	15	1,644,881	919,837
Employee benefits obligations	16	5,296,683	5,474,623
TOTAL NON CURRENT LIABILITIES		**28,693,997**	**30,802,756**
CURRENT LIABILITIES			
Current financial liabilities	17	66,973,009	30,651,172
Trade payables		42,207,472	21,951,010
Tax payables	18	5,355,427	3,037,044
Payables to social security		2,378,328	2,619,476
Other payables	19	7,475,598	7,527,764
TOTAL CURRENT LIABILITIES		**124,389,834**	**65,786,466**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**293,921,185**	**226,335,280**

INCOME STATEMENT

	Notes	30.06.2010	30.06.2009
Sales of goods and service	20	181,195,575	104,906,963
Other income	20	928,022	653,631
TOTAL REVENUES		**182,123,597**	**105,560,594**
Raw material and consumables used	21	(150,531,720)	(61,959,886)
Change in inventories of finished goods and wip		15,292,526	(11,808,429)
Services		(16,387,909)	(13,606,287)
Personnel costs	22	(13,790,893)	(12,874,084)
Depreciations	23	(4,203,171)	(4,401,317)
Provisions		(2,757,854)	(5,461)
Other expenses		(386,137)	(657,740)
OPERATING INCOME		**9,358,439**	**247.390**
Financial incomes and charges	24	1,502,419	(9,851,208)
PROFIT/(LOSS) BEFORE TAXES		**10,860,858**	**(9,603,818)**
Taxes	25	(3,469,564)	1,976,404
PROFIT/(LOSS) FOR THE PERIOD		**7,391,294**	**(7,627,414)**
Minority interests		(4,143)	(13,574)
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMAPNY		**7,387,151**	**(7,613,840)**

Earnings/(Loss) per share			
- Basic, from profit attributable to the parent company	26	0,2790	(0.2875)
- Diluted, from profit attributable to the parent company	26	0,2790	(0.2875)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30/06/2010	30/06/2009
€/000		
RESULT BEFORE MINORITY INTEREST	7,391,294	(7,627,414)
Exchange differences on translation of foreign operations	8,091,693	4,159,657
Income Tax	(75,360)	(683,164)
	8,016,333	3,476,493
Net (loss) / gain on cash flow hedges	1,815,231	(371,215)
Income Tax	(462,884)	94,660
	1,352,347	(276,555)
Other comprehensive income (loss) for the period, net of tax	9,368,680	3,199,938
Total comprehensive income (loss) for the period, net of tax	16,759,974	(4,427,476)
Attributable to:		
Equity holders of the parent	16,696,386	(4,426,476)
Minority interests	63,588	(1,000)
	16,759,974	(4,427,476)

STATEMENT OF CHANGE IN EQUITY

€/000	**Share capital**	**Legal reserve**	**Extraordinary reserves**	**Share premium reserve**	**Consolidation reserve**	**Riserva fair value**	**Retained earnings**	**Transition reserve IAS-IFRS**	**Other reserves**	**Company's own shares**	**Net earnings**	**Total**	**Minority shareholdings**	**Total shareholders' equity**
31/12/2008	14,627	2,925	41,733	40,539	10,668	11,518	4,687	2,009	3,034	(836)	5,252	136,156	332	136,488
Net earnings											(7,614)	**(7,614)**	**(13)**	**(7,627)**
Comprensive incombe (loss) for the period						(279)			3,464			3,188	12	3,200
Income (loss) of interim consolidated statement												**(4,426)**	**(1)**	**(4,427)**
Allocation for the net earnings of previous financial year			5,169		83						(5,252)			
Dividends			(1,324)									(1,324)		(1,234)
Own shares			(44)							(24)		(68)		(68)
Cash flow hedging						3,125						3,125		3,125
Differences in conversion									(864)			(864)	(13)	(877)
30/06/2009	14,627	2,925	45,534	40,539	10,751	14,367	4,687	2,009	5,634	(860)	(7,614)	132,599	318	132,917
31/12/2009	14,627	2,925	45,534	40,539	10,381	18,069	4,687	2,009	6,694	(860)	(15,168)	129,439	307	129,746
Net earnings											**7,387**	**7,387**	**4**	**7,391**
Comprensive incombe (loss) for the period						1,352			7,953			9,305	64	9,369
Income (loss) of interim consolidated statement												**16,962**	**68**	**16,760**
Allocation for the net earnings of previous financial year			(14,037)				(1,131)				15,168			
Changes in consolidation area														
Dividends			(530)									(530)		(530)
Own shares														
Cash flow hedging						(2,863)						(2,863)		(2,863)
Differences in conversion									(2,210)			(2,210)	(64)	(2,274)
30/06/2010	14,627	2,925	30,967	40,539	10,381	16,558	3,556	2,009	12,437	(860)	7,387	140,527	310	140,838

STATEMENT OF CASH FLOWS	30/06/2010	30/06/2009
€/000		
CASH FLOW RESULTING FROM COMPANY OPERATIONS:		
Earnings of related periods	**7,387**	**(7,614)**
Adjustments required for reconciling the earnings with the cash flow generated (absorbed) by company operations		
Depreciation	4,203	4,401
Net variations in assets/liabilities due for deferred (prepaid) taxes	2,383	(1,994)
(Extraordinary gains)/Loss on disposal of assets	(4)	(11)
Decrease (increase) in inventory	(32,716)	20,005
Net variations in current assets and liabilities over the financial year:	(4,202)	(3,044)
Net variations of non-current assets & liabilities over the financial year:	535	(4,116)
CASH FLOW RESULTING FROM COMPANY OPERATIONS	**(22,414)**	**7,627**
Investments in intangible assets	(55)	(32)
Investments in tangible assets	(11,114)	(4,889)
Investments in business aggregations by controlled companies (net cash assets)	0	0
Amount collected from sales of tangible and intangible assets	284	1,367
CASH FLOW USED FOR INVESTMENTS	**(10,885)**	**(3,554)**
Variations in current financial indebtedness	36,322	(4,060)
Variations in non-current financial indebtedness	(3,051)	(2,893)
Management of company’s own shares (purchases – sales)	(638)	4,731
Changes in third parties’ capital	7	(14)
Dividends paid to Minority Shareholders (including reserve allocation)	(530)	(1,324)
Operations in own shares (sale/purchase)	0	(69)
CASH FLOW RESULTING FROM FINANCING	**32,110**	**(3,629)**
NET CASH FLOW IN THE PERIODS IN QUESTION	**(1,189)**	**444**
LIQUID ASSETS AT THE BEGINNING OF FINANCIAL YEAR	3,606	4,329
TOTAL CASH FLOW IN THE PERIOD	(1,189)	444
LIQUID ASSET AT THE END OF THE FINANCIAL YEAR	2,417	4,773

EXPLANATORY NOTES

GENERAL INFORMATION

The Board of Directors authorized this half-year consolidated financial statements at 30 June 2010 to be published on 27 August 2010.
Irce Spa is a corporate company set up according to the Law of Italy and its registred 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 (NL) at Draad Nijmegen headquarters, Blackburn (UK) at FD Sims headquarters, Joinville (Brazil) – Irce Ltd headquaters 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 half-year consolidated financial statements at 30 June 2010 have been prepared in accordance with IAS 34 *Interim Financial Reporting.*
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's annual financial statements at 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.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except for the adoption of new Standars and Interpretations as of 1 January 2010.

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 defferent from thease 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.

SEASONALITY OF ACTIVITY

During the period the Group's activity doesn't feel effects due to seasonality

CONSOLIDATION AREA

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

Company	% shareholding	Registered office	Share capital		Consolidation
Isomet AG	100%	Switzerland	Fsv.	1,000,000	integral
Draad Nijmegen BV	100%	The Netherlands	€.	1,165,761	integral
FD Sims Ltd	100%	United Kingdom	£.	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	68,455,949	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 at 31 December 2009.

DIVIDENDS

€/000	30/06/2010	31/12/2009
Declared and paid during the six months		
Dividends on ordinaries shares:		
dividend 2009: 0.02 cent (2008: 0.05 cent)	529	1,324

DERIVATIVES

The Group currently has the following types of derivatives:

- Derivatives relative to obligations for forward sales of copper, with a maturity date after 30 June 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 June 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 at 30 June 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, 30/06/10 €/000
Tonnes/Sales	2,950	0	2,527
Tonnes/Purchases	1,475	0	1,815

The fair value of forward contracts for the sale and purchase of copper, open at 30 June 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.

BUSINESS AREA INFORMATION

The IRCE Group primary structure is based on specific business areas as "company risk " and profitability is particularly affected by the different products and services on offer.
The secondary structure is based on geographical market areas. Irce Group operations are structured and managed on the basis of products and services provided and each segment is an independent business unit capable of bringing a variety of products onto different markets.
The "Winding Wires" company division serves the manufacturers of electric motors, power generators transformers, relays and solenoid valves.
The "Electric Cables" division serves the building construction industry, the civil works and industrial-grade plant market (electrical wiring) as well as the long-term electrical equipment market.

Moreover it's showed a secondary structure based on geographical market areas, the sales of the Group are identified according to the geographic locations of the customers served, while assets and investments are identified according to the geographic location.

The tables below show data based on the proceeds, results and information about certain assets and liabilities that concern the financial half year as of June 2010 and 2009.

30 June 2010 €/000	BUSINESS AREAS			
	Winding wires	Cables	Remainder not allocated	Total
Profit & loss				
Sales and service revenues	136,700	39,677		176,377
Other income			5,747	5,747
Change in finished good and wip	11,948	3,345		15,293
Total				197,416
Business area result	**9,925**	**(892)**		**9,034**
Costs not allocated			(5,423)	(5,423)
Operating result	9,925	(892)	324	9,358
Financial incomes and charges				1,502
Taxes				(3,469)
Minority interests				(4)
NET RESULT				7,387
Assets & liabilities				
Trade receivables	73,889	22,593		96,482
Inventory	71,810	22,372		94,181
Assets not allocated				
Assets	145,699	44,965		190,664
Trade payables	32,044	10,164		42,207
Liabilities not allocated				
Liabilities	32,044	10,164		42,207
Other business area informations				
Net tangible assets	67,770	10,276		78,047
Net working capital	113,655	34,801		148,456

30 June 2009 €/000	BUSINESS AREAS			
	Winding wires	Cables	Remainder not allocated	Total
Profit & loss				
Sales and service revenues	71,112	33,795		104,907
Other income			653	653
Change in finished good and wip	(6,475)	(5,332)		(11,807)
Total				93,752
Business area result	**508**	**(256)**		**252**
Costs not allocated			(658)	(658)
Operating result	508	(256)	(5)	247
Financial incomes and charges				(9,851)
Taxes				1,976
Minority interests				14
NET RESULT				(7,614)
Assets & liabilities				
Trade receivables	37,015	18,613		55,628
Inventory	33,861	17,310		51,171
Assets not allocated				
Assets	70,876	35,923		106,799
Trade payables	10,704	5,151		15,855
Liabilities not allocated				
Liabilities	10,704	5,151		15,855
Other business area informations				
Net tangible assets	54,668	15,367		70,035
Net working capital	60,172	30,773		90,944

During the first half year of 2010 the two business areas show situations totally different:

- the winding wires sector shows sales volumes and results clearly higher respect the data of previous period;
- in the cable sector the result is negative, decrease respect to the same period of 2009, loss due to a strong reduction of sales and margin.

Regarding assets and liabilities, the two business areas show situations link to the business trend:

- the winding wires sector shows values higher respect the previous period;
- in the cable sector the financial data decrease following the negative trend of the business.

In the chart below it's related the secondary structure based on geographical market areas for sales, assets and investments:

30 June 2010 €/000	CEE	Outside CEE	Total
Sales and service revenues	152,160	29,035	181,196
Total value of assets for location	49,824	30,586	80,411
Cost for the purchase of tangible and intangible assets to use for more than one year	5,912	98	6,010
30 June 2009 €/000			
Sales and service revenues	92,382	12,525	104,907
Total value of assets for location	52,766	19,577	72,343
Cost for the purchase of tangible and intangible assets to use for more than one year	1,946	1,273	3,219

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 mainly item is the goodwill that passed from Euro 2,339 thousands at the end of 2009 to Euro 2,364 thousands at the end of June 2010, reduction due to at the amortization of the period.

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 1st half year of 2010 there wasn't the necessity to test with impairment indicators any intangible assets.

2. TANGIBLE ASSETS

€/000	Land	Buildings	Plant & machinery	Industrial & commercial equipment	Other assets	Work in process & advance payments	Total
Net Value at 31 December 2009	13,076	20,192	26,887	1,317	542	9,371	71,386
Movements in period							
. Investments	0	207	2,462	152	91	3,043	5,955
. Other movements	309	965	1,593	12	25	2,255	5,159
. Reclassification	75	(75)	5,139	30	0	(5,539)	(370)
. Disposals	0	0	(3,700)	(84)	(138)	0	(3,922)
. Depreciation for disposals	0	0	3,680	84	138	0	3,902
. Depreciation	0	(498)	(3,148)	(318)	(98)	0	(4,062)
Total	384	599	6,026	(124)	18	(242)	6,662
Net value at 30 June 2010	13,460	20,791	32,913	1,193	560	9,130	78,047

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

3. OTHER FINANCIAL ASSETS

The Other Financial Assets are made up as follows

€/000	30/06/2010	31/12/2009
- Shareholdings in other companies	83	71
- Other financial assets	15	15
Totale	98	86

4. ADVANCED TAXES

Advanced taxes are detailed below**:**

€/000	30/06/2010	31/12/2009	Variation
- Non-deductible depreciation	509	873	(364)
- Appropriations to Risk Coverage fund	390	180	210
- Appropriations to allowance for doubtful receivable	1,121	1,148	(27)
- Losses carried forwards	5,826	7,679	(1,853)
- Loss on currency exchange adjustment	5	5	-
- Association fees	2	2	-
- Inter-group margin	21	(25)	46
Total	7,874	9,862	(1,988)

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.

5. INVENTORY

Inventory are detailed below:

€/000	30/06/2010	31/12/2009
- Raw and complementary materials, consumable items	32,522	16,018
- Products under development and finished products	15,557	8,567
- Finished products and goods	46,102	36,880
Total	94,181	61,465

The inventory is not mortgaged or given as securities on liabilities.
The increase in respect to 31/12/2009 is due to the increase of volumes and prices.
The inventory value at 30/06/2010 has been affected, for about €/000 8,100, by the copper price's revaluetion on the quantities stocked at the beginning of year.

6. TRADE RECEIVABLES

€/000	30/06/2010	31/12/2009
- Customers receivable	101,349	70,806
- Bad debts provision	(4,867)	(4,779)
Total	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.

The movements in the bad debts provision during the first six months 2010 are shown below:

€/000	31/12/2009	Provision	Uses	30/06/2010
Bad debts provision	4,779	2,002	(1,914)	4,867

7. RECEIVABLES FROM PARENT COMPANY

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

8. TAXES RECEIVABLE

The item refers to €/000 171 as credits due to tax pre-payments paid in, to €/000 567 as VAT payments effected and to €/000 3,375 as tax credits of the Brazilian controlled company Irce Ltda for the construction of new building.

9. OTHER RECEIVABLES

The following is a breakdown of this item:

€/000	30/06/2010	31/12/2009
- Credits receivable	627	657
- Prepayments to Suppliers	170	113
- Accrued income and deferred charges	201	180
- Receivables from social security institutes for weather events	305	312
- Receivables from social security institutes for CIG advances	263	243
- Other receivables	929	465
Total	2,495	1,970

10. OTHER CURRENT FINANCIAL ASSETS

€/000	30/06/2010	31/12/2009
- Mark to Market forward operations for copper	4,342	3,326
- Mark to Market forward operations for GBP	-	20
- Fixed account for LME operations	146	2,015
Totale	4,448	5,361

Item "Mark to Market forward operations for copper" refers to the Mark to Market valuation (*fair value*) of forward sales and purchases contracts for copper open at 30 June 2010.
The sales copper contracts has been stipulated by IRCE SPA totalling 2,675 ton and by controlled company FD Sims Ltd totaling 275 ton.
The purchases copper contracts has been stipulated by controlled company Simt Draad Nijmengen BV totaling 1,475.
The Item "Fixed account for LME operations" refers to the margin call deposited at Brokers for the forward LME contracts.

11. CASH AND CASH EQUIVALENTS

This item includes bank deposits and cash.

€/000	30/06/2010	31/12/2009
- Bank deposits	2,388	3,269
- Cash	29	337
Total	2,417	3,606

Short-term bank deposits yield variable interest. At the close of balance sheet Bank deposits are not subject to liens or restrictions.

12. 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 June 30 2010 are 1,654,173.

The Company Reserves are detailed below:

€/000	30/06/2010	31/12/2009
- Share premium reserve	40,538	40,538
- Legal reserve	2,925	2,925
- Company's own shares	(860)	(860)
- Earnings to be appropriated for investments in Southern Italy	201	201
- Conversion-related reserve	5,614	(127)
- Consolidation-related reserve	10,381	10,381
- Extraordinary Reserve	30,967	45,534
- Company surplus reserve	6,622	6,622
- IAS/IFRS transition reserve	2,009	2,009
- Retained earnings	3,557	4,687
- IAS/IFRS Fair Value reserve	16,559	18,070
Total	118,513	129,980

13. NON-CURRENT FINANCIAL LIABILITIES

€/000	Currency	Rate	Company	31/06/2010	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	1,506	1,348	2011
Carisbo	CHF	Fixed	Isomet AG	376	674	2010
Total				19,135	22,187	

14. DEFERRED TAX LIABILITIES

The liabilities resulting from deferred taxes are detailed below:

€/000	30/06/2010	31/12/2009	Variation
- Advance depreciation	122	125	(3)
- Capital gains by instalments	-	14	(14)
- Foreign exchange gains	7	7	-
- Differences resulting from IAS 17 application	108	109	(1)
- Differences resulting from land depreciation reversal	465	465	-
- Effects of TFR differences (IAS 19)	131	146	(15)
- Effect of amortization difference Isomet AG building	703	693	10
- Effect of fiscal inventory difference Isomet AG	452	445	7
- Effect of fiscal fund difference Isomet AG	26	24	2
- Deferred tax provision Smit Draad Nijmegen BV	535	290	245
- Effects of deferred taxes on Mark to Market derivatives	68	(96)	164
Total	2,617	2,222	395

The liabilities resulting from deferred taxes include the fiscal effect of the IAS accounting method and taxes calculated on advance depreciation determined at the time of submitting the tax return.

15. PROVISIONS FOR RISKS AND CHARGES

The provisions for risks and charges are detailed below:

€/000	31/12/2009	Provision	Uses	30/06/2010
Agency pension fund	361	10	-	371
Provision for future costs	559	745	(30)	1,274
Total	920	755	(30)	1,645

The Agency pension fund is used for the indemnity related to agency contracts.
The provision for future costs refers to provisions made for various disputes.

16. EMPLOYEE BENEFITS OBLIGATIONS

The following variations occurred in the leaving indemnity fund:

€/000	30/06/2010	31/12/2009
TFR balance as of January 1	5,475	5,729
Current cost of service	-	(15)
Financial charges	108	249
Actuarial profits/losses	(78)	(45)
(Amounts paid)	(208)	(443)
TFR balance of period	5,297	5,475

The leaving indemnity fund is part of the definite benefit scheme currently provided.
A method known as "Projected Unit Credit Cost" has been used to work out the related liabilities.

17. CURRENT FINANCIAL LIABILITIES

The current financial liabilities are detailed below:

€/000	30/06/2010	31/12/2009
- Due to banks	66,973	27,095
- Amounts payable for derivatives	-	3,556
Total	66,973	30,651

The sensible increase of the banks liabilities, due to the economic trend of the first half-year and consequently to the working capital increase, has been carried out by import financing and invoices advance.

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	30/06/2010	31/12/2009
Cash	2,417	3,606
Other current financial assets	4,488	5,361
Cash and Cash equivalents	6,905	8,967
Current financial liabilities	(66,973)	(30,651)
Current net financial liabilities	**(60,068)**	**(21,684)**
Non-current financial liabilities	(19,135)	(22,187)
Non-current financial liabilities	**(19,135)**	**(22,187)**
Net financial position	**(79,203)**	**(43,871)**

18. TAXES PAYABLE

These items refer for €/000 837 to debts due to income tax amounting and are indicated with the prepayments made in the course of the financial year,for €/000 4,006 to VAT payable and for €/000 13 to other taxes payable and €/000 499 to social security contributions.

19. OTHER PAYABLES

The other debts are as follows:

€/000	30/06/2010	31/12/2009
- Due to employees	2,510	1,629
- Caution from Customers	1,954	1,687
- Accrued expenses and deferred income	689	846
- Others	2,323	3,366
Total	7,476	7,528

NOTES TO THE PRINCIPAL ITEMS ON THE INCOME STATEMENT

20. REVENUES

These items refer to revenues for the sales of goods after returns and discount. The revenues at June 30 2010 for €/000 182,124 increase of 72.2% in respect to the same period of the previous year (€/000 104,907).

21. 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).

22. PERSONNEL COSTS

The costs borne for personnel are detailed below:

€/000	30/06/2010	30/06/2009	Variation
- Wages and salaries	9,965	9,359	606
- Social security contributions	3,267	3,082	185
- Leaving indemnities	183	114	69
- Other costs	376	319	57
Total	13,791	12,874	971

23. DEPRECIATION

Depreciation is as follows:

€/000	30/06/2010	30/06/2009	Variation
- Intangibile asset amortization	64	31	33
- Tangible asset depreciation	4,139	4,370	(231)
Total depreciation	4,203	4,401	(198)

24. FINANCIAL INCOMES AND CHARGES

The financial charges and proceeds are detailed below:

€/000	30/06/2010	30/06/2009	Variation
- Other financial incomes	3,014	498	2,516
- Interest and other financial charges	(909)	(692)	(217)
- Profits (losses) on currency exchange	(603)	1,264	(1,867)
Total financial charges and proceeds	1,502	1,070	432

€/000	30/06/2010	30/06/2009	Variation
Profits on LME Operations	2,800	-	2,800
Losees on LME Operations	(211)	(10,921)	10,710
Total	2,589	(10,921)	13,151

Item “ProfitS on LME operations” refers to the closing of forward sales copper contracts stipulated by IRCE SPA for €/000 273 and the Mark to Market (*fair value*) valuation of the forward sales copper, open at 30/06/2010, for €/000 2,234 of IRCE SPA and for €/000 203 of the English subsidiary FD Sims Ltd.
Item “Losees on LME operations” refers to the closing of forward sales copper contracts stipulated by the English subsidiary FD Sims Ltd.
The profit and losses on LME operations have been icluded on Financial incomes and charges.
This amount of €/000 2,589 has been considered for the EBITDA and EBIT adjusted.

25. INCOME TAX

€/000	30/06/2010	30/06/2009
- Current taxes	(1,087)	(400)
- Prepaid/deferred taxes	(2,383)	2,376
Income tax on consolidated profits and losses	(3,470)	1,976

26. EARNINGS PER SHARE

As required by IAS 33, the information regarding the data used to work out the earnings per share and diluted earnings are provided below.
The net earnings for the period (excluding the minority shareholder dividends) have been used to calculate the basic earnings per share. In addition, there are no preferential dividends, converted preference shares or equivalents that could affect the net earnings assigned to ordinary shareholders. The weighted average of the ordinary shares in circulation was used as the denominator, calculated by deducting the average number of own shares owned during the period from the total number of shares forming the share capital.
The diluted earnings per share are equivalent to the earnings per share, as there are no ordinary shares that could have "diluting" effects and no options or warrants, which may have the same effect, are likely to be exercised.

	30/06/2010	31/12/2009
Net Profit (loss) for parent company shareholders.	7,387,151	(2,182,133)
Weighted average number of shares for determining basic earnings per share	26,473,827	26,534,783
Basic profit (loss) per share	0.2790	(0.0822)
Diluted profit (loss) per share	0.2790	(0.0822)

27. RELATED PARTY TRANSACTIONS

A summary chart illustrating the economic and property relationship of the parent company with the related third parties is provided below:

Company	Sales	Purchases	Financial credits	Commercial credits	Commercial debts
€/000					
Isolveco S.r.l	1,251	92	-	97	124
Isomet AG	2,229	-	-	680	-
Simt Draad Nijmegen BV	-	120	-	-	120
FD Sims LTD	1,335	1,896	7,734	981	386
DMG Gmbh	224	120	1,290	96	128
IRCE S.L	1,627	12	220	2,599	0,5
Irce LTDA	133	105	723	3,239	99
Stable Magnet Wire P.Ltd	443	-	-	446	-

Interrelated parties transactions, including inter-group transactions, cannot be described as atypical or unusual and pertaining to the Group's normal course of businessand have been elided on consolidated's predisposition.

28. CREDIT RISK COVERAGE

The following table gives details of the internal credit risk categories:

Risk level	*Exposure €/000*
Minimal	27,774
Medium	48,813
Above average	19,897
High	4,865

As at 30 June 2010, the breakdown of trade receivables by due date is as follows:

Expiration	*Amount €/000*
Not yet due – regular	78,616
< 30 days	12,587
31-60	3,198
61-90	1,419
91-120	515
> 120	5,014

29. SHARE CAPITAL MANAGEMENT

The primary goal of the Group's share capital management is to ensure that a firm credit rating is maintained, with adequate levels of capital indicators to support the business and maximise the shareholder value.

€/000	30/06/2010	31/12/2009
Loans	79,203	52,838
Trade payables and other debts	46,489	29,479
Cash and cash equivalents	(2,417)	(3,606)
Net debt	123,275	78,711
Share capital	140,527	129,439
Retained net earnings	-	(3,845)
Total share capital	140,527	125,594
Capital and net debt	263,802	204,305
Debt/capital ratio	47%	39%

29. FINANCIAL INSTRUMENTS

Fair value
A comparison between the book value and the fair value of the financial instruments of the Group is indicated blow:

€/000	Book value		Fair value	
	30/06/2010	31/12/2009	30/06/2010	31/12/2009
Financial assets				
Liquid assets or other equivalent means	2,417	3,606	2,417	3,606
Other financial assets	4,488	3,346	4,488	3,346
Financial liabilities				
Current loans	66,973	27,095	66,973	27,095
Non-current loans	19,135	22,187	19,135	22,187
Other financial liabilities	-	3,556	-	3,556

30. 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 of the consolidated balance sheet as of June 30 2009 according to article 154-bis D.Lgs no.58/1998

The undersigned Mr Filippo Casadio, Chairman, and Elena Casadio, Executive Manager assigned to draw up the company books of IRCE SPA, state that, in consideration to what provided for in Article 154-bis, clauses 5, of law no 58 dated February 24 1998:

- The documents are adequate in relation to the characteristics of the company.
- All law provisions have been duly applied,

The administrative and accounting procedures to determine the June 30 2009 consolidated balance sheet items have been fully complied with.

In addition, we state that the consolidated balance sheet:

a) Matches the book results and the accounting records;
b) Has been drawn up in compliance with IAS principles and provides a true picture of the economic, financial and property position of the Group as well as the companies included in the consolidation procedure;
c) The Information on the trend of the consolidated balance sheet contains a reliable analysis concerning the informations provided for Article 154-ter, clauses 4, of law no 58 dated February 24 1998.

Filippo Casadio	Elena Casadio
The Chairman	Executive Manager

ERNST & YOUNG

Reconta Ernst & Young S.p.A.
Via Massimo D'Azeglio, 34
40123 Bologna

Tel. (+39) 051 278311
Fax (+39) 051 236666
www.ey.com

Auditors' review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
IRCE S.p.A.

1. We have reviewed the interim condensed consolidated financial statements, comprising the consolidated statements of income, the consolidated statement of comprehensive income, the consolidated statement of financial position, changes in shareholders' equity and cash flows and the related explanatory notes, of IRCE S.p.A. and its subsidiaries (the "IRCE Group") as of June 30, 2010. Management of IRCE S.p.A. is responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue this review report based on our review.

2. We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. Our review consisted mainly of obtaining information on the accounts included in the interim condensed consolidated financial statements and the consistency of the accounting principles applied, through discussions with management, and of applying analytical procedures to the financial data presented in these consolidated financial statements. Our review did not include the application of audit procedures such as tests of compliance and substantive procedures on assets and liabilities and was substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements as we expressed on the annual consolidated financial statements.

   With respect to the consolidated financial statements of the prior year and the interim condensed consolidated financial statements of the corresponding period of the prior year, presented for comparative purposes, reference should be made to our reports issued on March 31, 2010 and on August 28, 2009, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of IRCE Group as of June 30, 2010 are not prepared, in all material respects, in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Bologna, August 27, 2010

Reconta Ernst & Young S.p.A.
Signed by: Carlo Colletti, Partner

This report has been translated into the English language solely for the convenience of international readers

Reconta Ernst & Young S.p.A.
Sede Legale: 00198 Roma - Via Po, 32
Capitale Sociale € 1.402.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CC.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.I. 00891231003
Iscritta all'Albo Revisori Contabili al n. 70945 Pubblicato sulla G.U.
Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

A member firm of Ernst & Young Global Limited