TXT e-solutions Group

Interim report

as at 30 September 2013

TXT e-solutions S.p.A.

Registered office, management, and administration:

Via Frigia, 27 – 20126 Milan - Italy

Share capital:

€ 2,955,966 fully paid-in

Tax code and

Milan Business Register number: 09768170152

Corporate bodies

BOARD OF DIRECTORS

Alvise Braga Illa	Chairman	(1)
Marco Edoardo Guida	Chief Executive Officer	(3)
Franco Cattaneo	Independent Director	(2)
Andrea Cencini	Director	(3)
Paolo Enrico Colombo	Director	(3)
Adriano De Maio	Independent Director	(2)
Teresa Cristiana Naddeo	Independent Director	(2) (4)

(1) Powers assigned: ordinary and extraordinary administration, except purchase and sale of buildings.

(2) Member of the Remuneration Committee and the Risks and Internal Controls Committee.

(3) Powers assigned: ordinary administration.

(4) Appointed by the Shareholders' Meeting of 6 December 2012

BOARD OF STATUTORY AUDITORS

Raffaele Valletta	Chairman
Luigi Carlo Filippini	Standing Auditor
Fabio Maria Palmieri	Standing Auditor
Angelo Faccioli	Alternate Auditor
Pietro Antonio Grignani	Alternate Auditor

EXTERNAL AUDITORS Reconta Ernst & Young S.p.A.

INVESTOR RELATIONS

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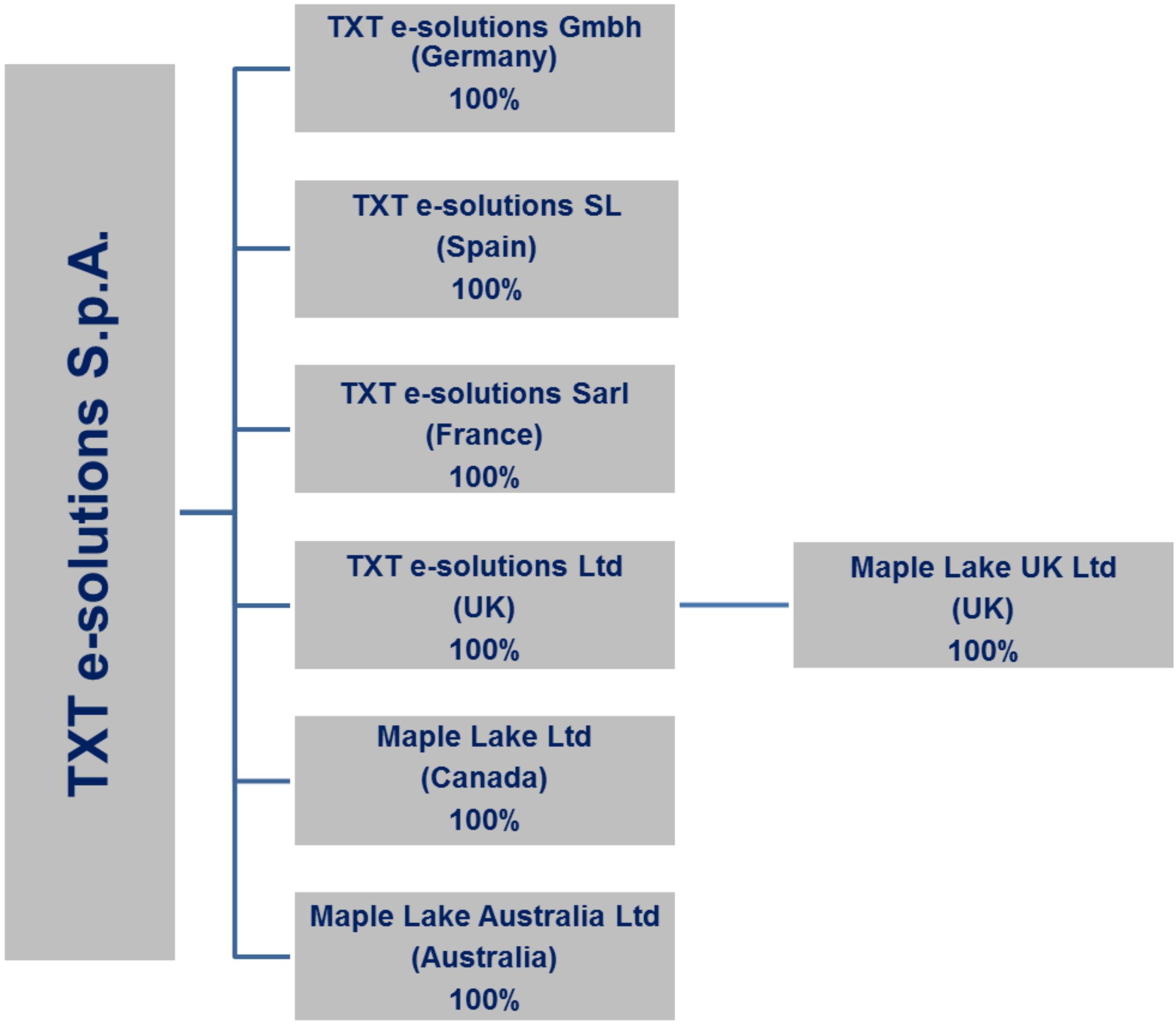
Organisational structure and scope of consolidation



Maple Lake UK Ltd (UK) has ceased operations and, following the corporate restructuring plan in the wake of the Maple Lake Group acquisition, is to be liquidated before the end of 2013.

Contents

Key data and directors' report on operations for the first 9 months of 2013

TXT e-solutions Group – Key data

INCOME DATA (€ thousand)	9m 2013	%	9m 2012	%	% change
REVENUES	**39,611**	**100.0**	**34,103**	**100,0**	**16,2**
of which:					
TXT Perform	23,886	60.3	19,046	55.8	25.4
TXT Next	15,725	39.7	15,057	44.2	4.4
EBITDA	**4,764**	**12.0**	**4,362**	**12.8**	**9.2**
OPERATING PROFIT (LOSS) [EBIT]	**3,819**	**9.6**	**3,621**	**10.6**	**5.5**
NET PROFIT FROM OPERATIONS	**2,887**	**7.3**	**3,077**	**9.0**	**(6.2)**
Non-recurring profit (loss)	**-**		**552**		
NET PROFIT (LOSS) FOR THE PERIOD	**2,887**	**7.3**	**3,629**	**10.6**	**(20.4)**

FINANCIAL DATA (€ thousand)	30 Sept. 2013	31 Dec. 2012 Restated (*)	Change
Fixed assets	17,434	18,570	(1,136)
Net working capital	6,203	4,847	1,356
Post-employment benefits and other non-current liabilities	(3,361)	(3,415)	54
Capital employed	**20,276**	**20,002**	**274**
Net financial position	6,254	6,021	233
Group shareholders' equity	26,532	26,023	509

DATA PER SHARE	9m 2013	9m 2012	Change
Average number of shares outstanding **	5,230,672	4,999,429	231,243
Net earnings per share **	0.55	0.73	(0.17)
Equity per share **	5.07	4.69	0.38

ADDITIONAL INFORMATION	30 Sept. 2013	31 Dec. 2012	Change
Number of employees	498	488	10
TXT share price	13.54	6.30	7.24

* Capital Employed as at 31 December 2012 was restated in order to retrospectively include the effects of the final purchase price allocation (PPA) in relation to the Maple Lake acquisition.

** The number of shares and the relevant 2012 prices were restated following the free capital increase dated 28 May 2012, with the issue of one new share for every share issued, so as to allow comparison with 2013. The shares outstanding are equal to the shares issued less treasury shares.

Notes on Alternative Performance Measures

Pursuant to recommendation CESR/05-178b, it should be noted that this Directors' Report uses a number of synthetic Alternative Operating Performance Measures, which can be found in the official accounting statements reported in the following pages and in the notes to the condensed consolidated financial statements.

Specifically, the following measures are used in the Report’s Consolidated Income Statement:

- **EBITDA,** i.e. “Total revenues” net of total operating costs;
- **EBIT,** i.e. “Total revenues” net of total operating costs, depreciation, amortisation, and impairment of fixed assets.

Similarly, the following measures are used in the Report’s Consolidated Balance Sheet:

- **FIXED ASSETS**: the sum of property, plant and equipment, intangible assets, goodwill, deferred tax assets and liabilities, and other non-current assets.
- **NET WORKING CAPITAL**: the sum of inventories, trade receivables/payables, current provisions, tax receivables/payables, and other current assets/liabilities and sundry receivables/payables.
- **CAPITAL EMPLOYED**: the algebraic sum of Fixed Assets, Net Working Capital, post-employment benefits, and other non-current liabilities.

Directors' report on operations for the first 9 months of 2013

Dear Shareholders,

TXT e-solutions' Board of Directors chaired by Alvise Braga Illa has approved today the consolidated results as at 30 September 2013.

In the first 9 months of 2013 the Company focused on developing the Luxury and Fashion market, especially in North America, through the TXT Perform software dealing with end-to-end solutions – from the collection to the shelf and e-commerce, too – for leading international customers.

- Revenues increased by 16.2% from € 34.1 million to € 39.6 million. Revenues from licenses and maintenance amounted to € 10.2 million, i.e. 26% as a percentage of total revenues, up 31.9% compared to the first 9 months of 2012.

- International revenues grew from € 17.5 million to € 21.5 million (+22.4%) and accounted for 54% of total revenues, essentially attributable to the TXT Perform Division.

- EBITDA increased by 9.2% from € 4.4 million to € 4.8 million accounting for 12.0% of revenues. All research and development costs were expensed in both years. During the first 9 months of this year, the release of new major products and the Maple Lake combination caused research and development expenditure as well as commercial expenditure to increase by 23.4% and 15.9%, respectively, to support future growth.

- Net profit was € 2.9 million (7.3% of revenues) compared to € 3.6 million in the first 9 months of last year, which included a € 0.6 million one-off capital gain on the sale of the last KIT Digital shares, as part of the Polymedia Division disposal. A lower tax burden partially offset the increase in depreciation and amortisation as well as financial charges following the Maple Lake acquisition.

- The Net Financial Position grew from € 6.0 million as at 31 December 2012 to € 6.3 million as at 30 September 2013, on the back of strong cash flows during the first 9 months, net of the € 2.1 million dividend distribution.
  As at both reporting dates, the Net Financial Position did not include a € 2.8 million contingent liability due to Maple Lake's sellers, since no future acquisition earn-out amounts are expected at present. These additional payments are provided for by contract in favour of the sellers in case of exceptional combination synergies which have not taken place so far under these terms nor are expected to take place. Therefore, Maple Lake's final acquisition price decreased from € 13.1 million to € 10.3 million and the balance sheet as at 31 December 2012 was restated accordingly.

- Shareholders' Equity amounted to € 26.5 million as at 30 September 2013, increasing by € 0.5 million from € 26.0 million as at 31 December 2012, mainly due to the net profit for the period (€ 2.9 million), net of the dividend distribution (€ 2.1 million), share buy-backs (€ 0.8 million) and the issue of new shares to service the stock option and grant plan.

Both TXT's business areas contributed to the increase in revenues, with TXT Perform and TXT Next growing by 25.4% (60% of Group's revenues) and 4.4% (40% of Group's revenues), respectively.

TXT's results for the first 9 months of 2013, compared with the prior-year period, are presented below:

(€ thousand)	9m 2013	%	9m 2012	%	Change
REVENUES	**39,611**	**100.0**	**34,103**	**100.0**	**16.2**
Direct costs	18,762	47.4	16,095	47.2	16.6
GROSS MARGIN	**20,849**	**52.6**	**18,008**	**52.8**	**15.8**
Research and development costs	3,618	9.1	2,931	8.6	23.4
Commercial costs	7,616	19.2	6,572	19.3	15.9
General and administrative costs	4,851	12.2	4,143	12.1	17.1
EBITDA	**4,764**	**12.0**	**4,362**	**12.8**	**9.2**
Depreciation, amortisation and impairment	945	2.4	741	2.2	27.5
OPERATING PROFIT (LOSS) [EBIT]	**3,819**	**9.6**	**3,621**	**10.6**	**5.5**
Financial income (charges)	(316)	(0.8)	241	0.7	N.S.
EARNINGS BEFORE TAXES (EBT)	**3,503**	**8.8**	**3,862**	**11.3**	**(9.3)**
Taxes	(616)	(1.6)	(785)	(2.3)	(21.5)
NET PROFIT FROM OPERATIONS	**2,887**	**7.3**	**3,077**	**9.0**	**(6.2)**
Non-recurring profit (loss)	-	-	552	1.6	N.S.
NET PROFIT (LOSS) FOR THE PERIOD	**2,887**	**7.3**	**3,629**	**10.6**	**(20.4)**

REVENUES, GROSS MARGINS, AND THE DIVISIONS' COMPETITIVE POSITION

The Revenues and Gross Margin of the TXT Perform and the TXT Next Divisions are shown below:

	TXT PERFORM				
(€ thousand)	9m 2013	%	9m 2012	%	13/12 change
REVENUES	**23,886**	**100.0**	**19,046**	**100,0**	**25,4**
Licenses & maintenance	10,098	42.3	7,606	39.9	32.8
Projects and other income	13,788	57.7	11,440	60.1	20.5
DIRECT COSTS	8,805	36.9	6,885	36.1	27.9
GROSS MARGIN	**15,081**	**63.1**	**12,161**	**63.9**	**24.0**

	TXT Next				
(€ thousand)	9m 2013	%	9m 2012	%	13/12 change
REVENUES	**15.725**	**100.0**	**15,057**	**100,0**	**4.4**
Licenses & maintenance	64	0.4	98	0.7	(34.7)
Projects and other income	15,661	99.6	14,959	99.3	4.7
DIRECT COSTS	9,957	63.3	9,210	61.2	8.1
GROSS MARGIN	**5,768**	**36.7**	**5,847**	**38.8**	**(1.4)**

	TOTAL TXT				
(€ thousand)	9m 2013	%	9m 2012	%	13/12 change
REVENUES	**39,611**	**100.0**	**34,103**	**100.0**	**16.2**
Licenses & maintenance	10,162	25.7	7,704	22.6	31.9
Projects and other income	29,449	74.3	26,399	77.4	11.6
DIRECT COSTS	18,762	47.4	16,095	47.2	16.6
GROSS MARGIN	**20,849**	**52.6**	**18,008**	**52.8**	**15.8**

TXT Perform Division

The TXT Perform Division mainly operates in the Luxury, Apparel and Large International Retail sectors, providing ‘end-to-end’ solutions – from the collection to the shelf and also e-commerce – for business planning, sales budgeting, and effectively implementing business plans.

The TXT Perform Division's revenues amounted to € 23.9 million, rising 25.4% from € 19.0 million in the first 9 months of 2012, mainly as a result of the Maple Lake acquisition.

The division’s international revenues increased from € 16.4 million to € 20.4 million, up 24.5% and accounting for 85% of TXT Perform's total revenues.

Revenues from licenses and maintenance rose 32.8%, from € 7.6 million to € 10.1 million, as a result of new contracts and projects entered into with both long-time and new customers as well as of rising maintenance revenues, pointing to the good reception and continued use of our software solutions. Revenues from licenses and maintenance rose from 39.9% to 42.3% as a percentage of the Division's total revenues.

The Division’s gross margin, net of direct costs, increased by 24.0%, from € 12.2 million to € 15.1 million. As a percentage of revenues, it amounted to 63.1%.

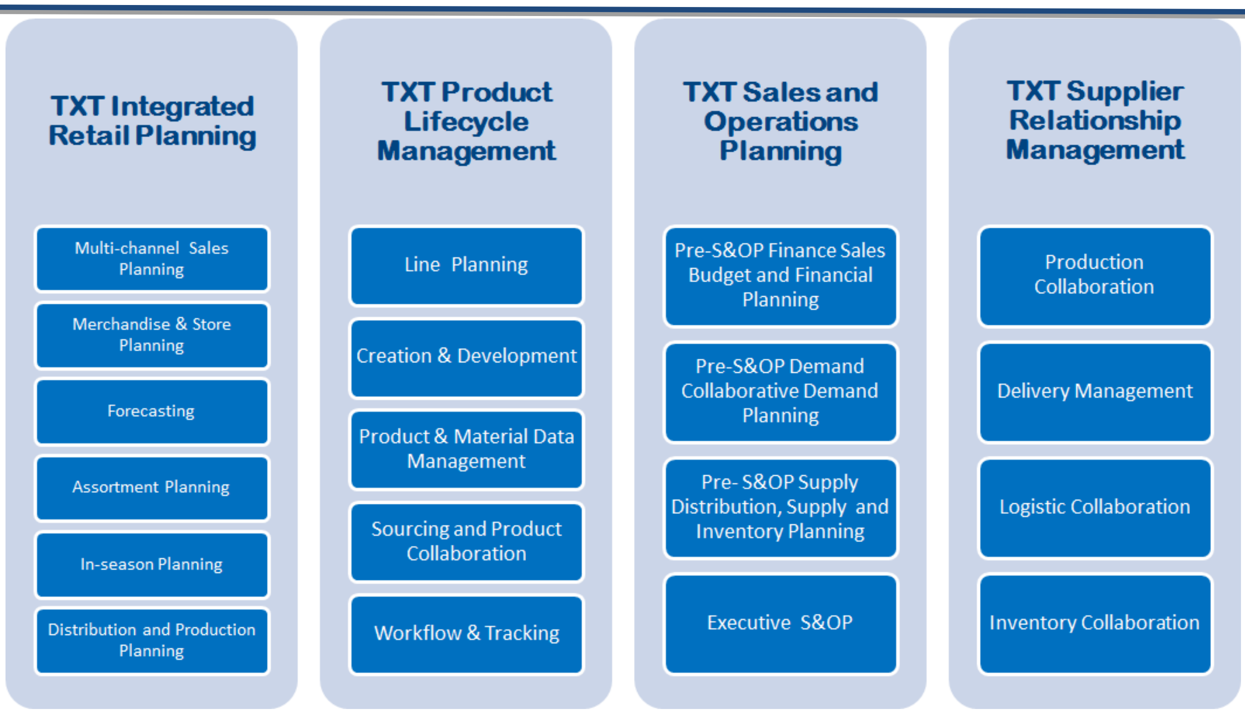
The higher commercial costs incurred during the first 9 months of this year (+ € 9 million) allowed TXT to bolster its international presence, especially in North America, and to lay the foundations for future growth. Also marketing activities were stepped up: chief among them were the NRF - National Retail Federation in January in New York and the third TXT ‘Thinking Retail’ Summit in March in London, with more than 120 delegates from 50 international Retail companies.

During the first 9 months of 2013, TXT entered into important contracts with leading companies in various industries and continued to work on the projects related to the implementation of Integrated Planning, Product Lifecycle Management, and Sales & Operation Planning solutions with international customers, including Louis Vuitton (F), Dior (F), Eckes-Granini (F), Kenzo (F), Delsey (F), Celine (F), Lacoste (F), Sephora (F), Miroglio (I), Tod’s (I), Safilo (I), Prenatal (I), Adidas (D), Marc Cain (D), Hugo Boss (D), Ecco (D), Valeo (D), Apollo Optik (D), Tesco (UK), Burberry (UK), Fat Face (UK), Desigual (E), Loewe (E), Manor AG (CH), Bestseller (DK), Ad van Geloven (NL), Marc Jacobs (USA), Guess (USA), Swatch (USA), Kenneth Cole (USA), Modell’s (USA), Destination Maternity (USA), Holt Renfrew (USA), Thirty-One Gifts (USA) and Samsonite (USA).

Overall, in the first 9 months of this year, the active customers – i.e. those who contributed to revenues – numbered approximately 350, spread among the Luxury, Fashion, and Retail sectors, with more than 100,000 points of sales and sales channels throughout the world. TXT Perform's potential market, in the geographical areas it currently serves – Europe and North America – includes approximately 1,500 large Retailers. Over 40 projects were completed and became operational in the first 9 months of 2013.

TXT's product range is extremely competitive as far as both customers’ requirements and competing products are concerned: TXTPERFORM is the first product to integrate Planning and Business Intelligence functions in a single application. As a result of this combination of intelligence and technology, TXTPERFORM allows informed decisions to be made based on key qualitative information and data, improving management and planning efficiency and effectiveness throughout the customers’ entire business. Furthermore, its set of integrated performance metrics facilitates Supply Chain performance management.

The main ‘customer processes’ covered by TXTPERFORM solutions are shown in the following chart, which also highlights those that accounted for most of Research and Development spending in the first 9 months of 2013:



During the NRF - National Retail Federation's convention in New York in January 2013, TXT presented the new 5.0 version of its Integrated ‘end-to-end’ Retail Planning software, further expanding its functions and introducing the ‘visual assortment’: it allows to immediately associate images while planning styles and components, navigating the collection, creating store-specific assortments, comparing and analysing product ranges at different stores or channels; all in a new immediate and intuitive visual planning tool.

During the first 9 months of 2013, TXT also made its proprietary TXT Perform software available for deployment on Microsoft Azure and Amazon AWS cloud platforms. ‘TXT on Cloud’ reduces deployment costs and time, making the solutions available for use in highly flexible and scalable environments.

Also on show were two new TXT Mobile applications allowing to manage collection development processes on mobile devices - smartphones and tablets - making TXT Perform increasingly integrated, easy, and interactive while facilitating the constant monitoring of the collection's development by all users through the web, wherever they are. These new applications, particularly TXT Product Lifecycle Management 3.0, are initially available on Windows 8.

Mobile and Cloud applications, developed in partnership with leading customers throughout the world, are set to expand considerably in the next few years; with these products, TXT promptly positions itself among the ‘first movers’ in terms of innovation in the Luxury and Retail sectors.

With the acquisition of Maple Lake, qualified and skilled staff joined the TXT Perform research and development team at the offices in Leicester. Since October 2012, a single research and development structure has been created, and the strategy for evolving and merging Maple Lake's and TXTPERFORM's solutions into a single product has been defined.

TXT Next Division

The TXT NEXT Division increased its revenues to € 15.7 million, up 4.4% from € 15.1 million in the first 9 months of 2012. The Aerospace & Defence and the Banking & Finance segments performed well. The Division's revenues accounted for 39.7% of the Group's revenues.

Gross margin was almost unchanged at € 5.8 million, since lower government grants related to income given to the Corporate Research division for funded projects were offset by project improvements.

TXT NEXT offers a specialised and innovative portfolio of engineering and software services to leading European companies, particularly in the following sectors:

• Aerospace & Defence;

• High Tech Manufacturing;

• Banking & Finance.

TXT NEXT stands out for its ability to listen to the customer and design advanced technological solutions based on its needs, focusing on business and companies and with technology as a key business factor. It specialises in mission critical software and systems and high-reliability embedded software.

TXT is a qualified partner for Aerospace companies in designing and developing aviation products, systems and components, as well as in implementing innovative aeronautical production management systems.

In the financial and banking sector, TXT specialises in Business Process Modelling and Independent Verification & Validation of supporting IT systems.

The product range builds on the great operating experience accrued by working side by side with leading companies for over twenty years, as well as our in-depth expertise in software planning and development. Furthermore, we have strategic partnerships with Microsoft, HP and IBM.

REVENUES

Research and development costs for the first 9 months of 2013 – for new products, new TXT Perform releases, and the integration of Maple Lake products into TXT Perform – amounted to € 3.6 million, rising 23.4% compared to € 2.9 million in the first 9 months of 2012. As a percentage of revenues, they increased from 8.6% to 9.1%. All research and development costs were expensed in the period, since the activities undertaken focused on long-term research projects and the development of existing products.

Commercial costs amounted to € 7.6 million, increasing by 15.9% compared to the first 9 months of 2012, due to the bolstering of the commercial network in North America as well as the new initiatives to promote TXT Perform products at the NRF event in New York and the Thinking Retail conference in London. Commercial costs rose from 19.3% to 19.2% as a percentage of revenues.

General and administrative costs amounted to € 4.9 million, compared to € 4.2 million in the first 9 months of 2012, rising from 12.1% to 12.2% as a percentage of revenues. The operating offices outside Italy increased from six to nine, with approximately 150 employees as at 30 September 2013, due to the addition of the Toronto (CDN) and Sydney (AUS) operating offices and the bolstering of the presence in the UK, with the new office in Leicester following the Maple Lake acquisition.

Gross operating profit (EBITDA) amounted to € 4.8 million in the first 9 months of 2013, up 9.2% from € 4.4 million in the prior-year period. As a percentage of revenues, it amounted to 12.0%.

Operating profit (EBIT) was € 3.8 million, up 5.5% from € 3.6 million in the prior-year period, due to higher amortisation of intellectual property rights to software and the customer portfolio deriving from the Maple Lake acquisition. Operating profit as a percentage of revenues amounted to 9.6%.

Financial charges amounted to € 0.3 million in the first 9 months of 2013, mainly due to a foreign exchange loss of € 0.2 million attributable to reconversion of Maple Lake’s earn-out into Canadian dollars. Financial income amounted to € 0.2 million in the first 9 months of 2012, mainly due to interest income on cash available before the Maple Lake acquisition.

Net profit from operations amounted to € 2.9 million, down slightly from € 3.1 million in the first 9 months of 2012. As a percentage of revenues, it amounted to 7.3%, compared with 9.0% in 2012.

In the first 9 months of 2012, non-recurring profit amounted to € 0.6 million due to capital gains on the sale of the last Kit Digital shares as part of the Polymedia Division disposal in 2011.

CAPITAL EMPLOYED

As at 30 September 2013, Capital Employed totalled € 20.3 million, up € 0.3 million on relevant figures as at 31 December 2012, mainly due to net working capital.

In compliance with IFRS 3, purchase price allocation was measured within a year of Maple Lake’s acquisition. Due to a more gradual development of growth and profitability targets resulting from combination synergies with Maple Lake compared to contract provisions, no earn-out will be provided to Maple Lake's sellers and the relevant financial liability (€ 2.8 million - CAD$ 4 million) was derecognised. The balance sheet at 31 December 2012 was subsequently restated in order to retrospectively include the final allocation.

Fixed assets decreased by € 1.1 million, from € 18.5 million to € 17.4 million.

Intangible assets fell by € 0.9 million as a result of the amortisation of research and development costs capitalised in the years until 2011 as well as of intellectual property rights to software and the customer portfolio of the Maple Lake acquisition.

Since 2012, all research and development costs have been expensed in full as incurred. Property, plant and equipment were essentially unchanged: investments made during the period in servers and computers were counterbalanced by depreciation for the period. Other assets decreased by € 0.3 million, largely due to the decrease in deferred tax assets.

Net working capital increased by € 1.4 million from € 4.8 million to € 6.2 million, mainly as a result of growing business volume and the extension of payment terms for some Italian customers in the aeronautical sector.

Liabilities arising from post-employment benefits of Italian employees and other non-current liabilities remained substantially unchanged at € 3.4 million.

The table below shows the details:

(€ thousand)	30 Sept. 2013	31 Dec. 2012 Restated *	Change	31 Dec. 2012 Historical	PPA adjust-ment effect	30 Sept. 2012
Intangible assets	15,732	16,621	(889)	19,866	3,245	17,657
Net property, plant and equipment	1,170	1,154	16	1,154	-	1,057
Other fixed assets	532	795	(263)	795	-	474
Fixed assets	**17,434**	**18,570**	**(1,136)**	**21,815**	**3,245**	**19,188**
Inventories	1,608	1,388	220	1,388	-	1,157
Trade receivables	18,666	17,274	1,392	17,274	-	14,548
Sundry receivables and other short-term assets	1,685	2,288	(603)	2,288	-	2,821
Trade payables	(1,362)	(1,800)	438	(1,800)	-	(1,609)
Tax payables	(1,420)	(1,838)	418	(2,158)	(320)	(1,708)
Sundry payables and other short-term liabilities	(12,974)	(12,465)	(509)	(12,465)	-	(11,517)
Net working capital	**6,203**	**4,847**	**1,356**	**4,527**	**(320)**	**3,692**
					-	
Post-employment benefits and other non-current liabilities	**(3,361)**	**(3,415)**	**54**	**(3,415)**	**-**	**(3,492)**
Capital employed	**20,276**	**20,002**	**274**	**22,927**	**2,925**	**19,388**
Group shareholders' equity	26,532	26,023	509	26,164	141	23,424
Equity attributable to minority interests	-	-	-	-	-	293
Net financial position (Cash)	(6,254)	(6,021)	(233)	(3,237)	2,784	(4,329)
Capital employed	**20,278**	**20,002**	**276**	**22,927**	**2,925**	**19,388**

(*) Capital Employed as at 31 December 2012 was restated in order to retrospectively include the effects of the purchase price allocation (PPA) in relation to the Maple Lake acquisition.

Consolidated shareholders' equity amounted to € 26.5 million, up € 0.5 million compared to € 26.0 million as at 31 December 2012, due to the net profit for the period (€ 2.9 million) which counterbalanced the dividend distribution (€ 2.1 million), the share buy-backs (€ 0.8 million) and the issue of new shares to service the stock option and grant plan.

The consolidated Net Financial Position as at 30 September 2013 was positive to the tune of € 6.3 million, improving by € 0.2 million compared to 31 December 2012 (€ 6.0 million).

As at both reporting dates, the Net Financial Position did not include a € 2.8 million contingent liability due to Maple Lake's sellers, since no future acquisition earn-out amounts are expected at present. These additional payments are provided for by contract in favour of the sellers in case of exceptional combination synergies which have not taken place so far under these terms nor are expected to take place. Therefore, Maple Lake's final acquisition price decreased from € 13.1 million to € 10.3 million and the balance sheet as at 31 December 2012 was restated accordingly.

Pursuant to Consob communication dated 28 July 2006 and in conformity with the CESR's recommendation dated 10 February 2005, "Recommendations for the consistent implementation of the European Commission's Regulation on prospectuses", it is noted that the TXT e-solutions Group's Net Financial Position as at 30 September 2013 is as follows:

(€ thousand)	30 Sept. 2013	31 Dec. 2012 Restated(*)	Change	30 Sept. 2012	31 Dec. 2012	PPA effect
Cash and bank assets	11,123	15,819	(4,696)	10,368	15,819	-
Short-term financial payables	(1,462)	(5,496)	4,034	(1,627)	(5,496)	-
Short-term financial resources	**9,661**	**10,323**	**(662)**	**8,741**	**10,323**	**-**
Payables due to banks with maturity beyond 12 months	(3,407)	(4,302)	895	(1,501)	(4,302)	-
Net Available Financial Resources	**6,254**	**6,021**	**233**	**7,240**	**6,021**	**-**
Financial payable for earn-out rights (IFRS 3)	-	-	-	-	(2,784)	2,784
Total Net Financial Position	**6,254**	**6,021**	**233**	**7,240**	**3,237**	**2,784**

(*) Net Financial Position as at 31 December 2012 was restated in order to retrospectively include the effects of the purchase price allocation (PPA) in relation to the Maple Lake acquisition.

The Net Financial Position as at 30 September 2013 is detailed as follows:

- € 11.1 million in cash and bank assets were largely invested in euro-denominated short-term bank deposits, with the rest being held as cash for operating activities.

- Short-term financial payables, amounting to € 1.5 million, consisted of payments due within 12 months for medium/long-term loans. The decrease compared to 31 December 2012 was due to the payment of grants for research projects (€ 3.6 million) received by TXT as lead manager of the projects at the end of 2012 and distributed during the first months of 2013 to the other participating companies.

- Payables due to banks with maturity beyond 12 months, totalling € 3.4 million, consisted of a 5-year loan entered into at the end of 2012 with an initial par value of € 4.0 million and a 3.6% interest rate, as well as largely subsidised medium/long-term loans for funded research and development.

Q3 2013 ANALYSIS

An analysis of the third quarter of 2013 is provided in the table below:

(€ thousand)	Q3 2013	%	Q3 2012	%	13/12 % change
REVENUES	**13,346**	**100.0**	**10,649**	**100.0**	**25.3**
Direct costs	6,368	47.7	4,914	46.1	29.6
GROSS MARGIN	**6,978**	**52.3**	**5,735**	**53.9**	**21.7**
Research and development costs	1,059	7.9	905	8.5	17.0
Commercial costs	2,720	20.4	2,255	21.2	20.6
General and administrative costs	1,579	11.8	1,333	12.5	18.5
EBITDA	**1,620**	**12.1**	**1,242**	**11.7**	**30.4**
Depreciation, amortisation and impairment	359	2.7	262	2.5	37.0
OPERATING PROFIT (LOSS) [EBIT]	**1,261**	**9.4**	**980**	**9.2**	**28.7**
Financial income (charges)	(228)	(1.7)	61	0.6	N.S.
EARNINGS BEFORE TAXES (EBT)	**1,033**	**7.7**	**1,041**	**9.8**	**(0.8)**
Taxes	(304)	(2.3)	(255)	(2.4)	19.2
NET PROFIT FROM OPERATIONS	**729**	**5.5**	**786**	**7.4**	**(7.3)**
Non-recurring profit (loss)	-	-	(52)	(0.5)	N.S.
NET PROFIT (LOSS) FOR THE PERIOD	**729**	**5.5**	**734**	**6.9**	**(0.7)**

The performance compared to the third quarter of 2012 was as follows:

- Net revenues amounted to € 13.3 million, up 25.3% compared to the third quarter of 2012. Both divisions contributed to the growth in revenues in the quarter, with an increase of 36.4% for TXT Perform (which consolidates Maple Lake operations) and of 9.8% for TXT Next.
- Direct costs amounted to € 6.4 million, up 29.6% compared to the third quarter of 2012. The gross margin was 52.3%.
- Research and development costs amounted to € 1.1 million, up 17.0% from € 0.9 million in the third quarter of 2012. They decreased to 7.9% from 8.5% as a percentage of revenues. All research and development costs were expensed in the period as in 2012.
- Commercial costs and General and administrative costs grew by 20.6% and 18.5%, respectively, as a result of the Maple Lake combination;
- Gross operating profit (EBITDA) totalled € 1.6 million in the third quarter of 2013, up 30.4% on the prior-year period. As a percentage of revenues, it increased from 11.7% to 12.1%.
- Operating profit (EBIT) totalled € 1.3 million, up from € 1.0 million in the prior-year period, despite higher amortisation of intellectual property rights to software and the customer portfolio deriving from the Maple Lake acquisition. Operating profit as a percentage of revenues increased from 9.2% to 9.4%.
- Earnings before taxes for the quarter amounted to € 1.0 million, after financial charges of € 0.2 million.

- Net profit from operations amounted to € 0.7 million, compared with € 0.8 million in 2012, after a provision for taxes of € 0.3 million. Therefore, net profit from operations amounted to 5.5% as a percentage of revenues.
- Net profit for the third quarter of 2013 amounted to € 0.7 million, in line with the prior-year period. In the third quarter of 2012, the company had recognised a € 0.1 million loss on the Kit-Digital equity investment.

EMPLOYEES

As at 30 September 2013, the group had 498 employees, compared with 488 as at 31 December 2012, with an increase of 10 employees in the TXT Next Division.

Personnel costs in the first 9 months of 2013 amounted to € 23.7 million, compared to € 19.4 million in the prior-year period, rising 22.2%, mainly as a result of the consolidation of Maple Lake's staff (66 employees).

TXT SHARE PERFORMANCE AND TREASURY SHARES

During the first 9 months of 2013, the share price of TXT e-solutions reached a high of € 13.86 on 26 September 2013 and a low of € 6.31 on 4 January 2013. As at 30 September 2013, the share price was € 13.54, up 115% since the start of the year. The volume of trading in TXT's stock during the first months of 2013 was higher than in 2012, with a daily average of 22,817 shares traded. TXT ranks among the best stocks listed in the STAR segment of the Italian Stock Exchange in terms of turnover velocity. Turnover velocity is a measure of stock liquidity calculated as the ratio of volumes traded during the period to the company's average market capitalisation.

In the first 9 months of 2013, TXT purchased 98,350 treasury shares at an average price of € 7.97 per share, for a total of € 0.8 million. As at 30 September 2013, TXT held 664,509 treasury shares, amounting to 11.24% of shares outstanding.

In the first 9 months of the year, 145,000 new shares were issued to service the 2008 stock option plan and 27,341 treasury shares were awarded to the beneficiaries of the 2012 stock grant plan. At the end of the period, there were 4,000 stock options and 659 stock grants vested and not yet exercised.

The share buy-backs were carried out pursuant to the plan resolved upon by the Board of Directors following authorisation from the Shareholders' Meetings held on 23 April 2013, which renewed the authorisation to purchase treasury shares up to 20% of the share capital for a period of 18 months.

The Shareholder's Meeting held on 23 April 2013 examined and approved the 2012 financial statements and approved the distribution of a € 0.40 dividend per share outstanding at the ex-dividend date, i.e. 27 May 2013. Approximately € 2.1 million in dividends were distributed to approximately 5.3 million shares outstanding at the ex-dividend date.

Direct communication with investors continued, in particular through the "TXT Investor Club". This initiative is aimed at communicating with the entire market in an increasingly thorough and timely manner, paying particular attention to Shareholders and Private Investors.

In order to provide regular updates on the Company, an email-based communication channel is operational (txtinvestor@txtgroup.com). Everyone can sign up for this service in order to receive, in addition to press releases, specific communications to Investors and Shareholders.

Since 16 September 2013 Intermonte has taken over from Centrobanca as new TXT's Specialist. Intermonte, major stock broker on the Italian Stock Exchange, has built its leadership in providing services to Italian and international investors thanks to its experienced analyst team. Its new Specialist role enhances the already on-going cooperation with www.websim.it (Intermonte), focusing on Italian retail investors, and with Edison Investment Research based in London, responsible for preparing periodic disclosures on TXT mainly addressed to international investors.

EVENTS AFTER THE REPORTING PERIOD AND OUTLOOK

The world economy remains weak, with some countries in recession. A number of markets, and especially the Italian one, are showing further signs of slowdown. Nonetheless, the company believes it can continue to outperform the market, thanks to its overall competitive position in terms of strategy as well as its customer base, innovative products, and international teams of specialists. Therefore, the previously announced targets remain unchanged.

The portfolio of on-going negotiations for the sale of new TXT Perform solutions is strong and shows a positive trend; however, revenues from licenses are always highly unpredictable and subject to the uncertainty over the outcome of negotiations with new customers. The outlook for orders for services and projects is favourable and allows to expect a positive performance by both divisions in the next quarter

Manager responsible for preparing	The Chairman of the Board of
corporate accounting documents	Directors
Paolo Matarazzo	Alvise Braga Illa

Milan, 6 November 2013

Consolidated financial statements

as at 30 September 2013

Consolidated Balance Sheet

ASSETS	30 Sept. 2013	of which due to related parties	31 Dec. 2012 (*)	of which due to related parties
NON-CURRENT ASSETS				
Goodwill	12,638,152		12,912,416	
Intangible assets with finite useful life	3,094,119		3,708,812	
Intangible assets	**15,732,271**	**-**	**16,621,228**	**-**
Own property, plant and equipment	1,153,500		1,121,001	
Leased assets	16,640		33,281	
Property, plant and equipment	**1,170,140**	**-**	**1,154,282**	**-**
Sundry receivables and other non-current assets	132,079		301,053	
Deferred tax assets	399,267		493,907	
Other non-current assets	**531,346**	**-**	**794,960**	**-**
TOTAL NON-CURRENT ASSETS	**17,433,757**	**-**	**18,570,470**	**-**
CURRENT ASSETS				
Period-end inventories	1,608,294		1,388,486	
Trade receivables	18,666,468		17,274,489	
Sundry receivables and other current assets	1,684,618		2,287,953	
Cash and cash equivalents	11,122,994		15,818,812	
TOTAL CURRENT ASSETS	**33,082,374**	**-**	**36,769,740**	**-**
TOTAL ASSETS	**50,516,131**	**-**	**55,340,210**	**-**

LIABILITIES AND SHAREHOLDERS' EQUITY	30 Sept. 2013	of which due to related parties	31 Dec. 2012 (*)	of which due to related parties
SHAREHOLDERS' EQUITY				
Share capital	2,955,966		2,883,466	
Reserves	17,083,543		17,422,630	
Retained earnings (accumulated losses)	3,604,991		719,785	
Profit (loss) for the period	2,887,415		4,996,888	
TOTAL SHAREHOLDERS' EQUITY	**26,531,915**	**-**	**26,022,769**	**-**
NON-CURRENT LIABILITIES				
Non-current financial liabilities	3,407,245		4,301,300	
Long-term earn-out	-		-	
Employee benefits expense	3,254,016	907,369	3,326,244	821,432
Deferred tax provision	882,972		950,204	
Provision for future risks and charges	105,590		88,706	
TOTAL NON-CURRENT LIABILITIES	**7,649,823**	**907,369**	**8,666,454**	**821,432**
CURRENT LIABILITIES				
Current financial liabilities	1,461,672		5,496,498	
Short-term earn-out	-		-	
Trade payables	1,361,998		1,799,747	
Tax payables	537,168		889,563	
Sundry payables and other current liabilities	12,973,555	215,251	12,465,179	367,400
TOTAL CURRENT LIABILITIES	**16,334,393**	**215,251**	**20,650,987**	**367,400**
TOTAL LIABILITIES	**23,984,216**	**1,123,620**	**29,317,441**	**1,188,832**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**50,516,131**	**1,123,620**	**55,340,210**	**1,188,832**

(*) Consolidated balance sheet as at 31 December 2012 was restated in order to retrospectively include the final purchase price allocation concerning the Maple Lake business combination.

Consolidated Income Statement

	30 Sept. 2013	of which due to related parties	30 Sept. 2012	of which due to related parties
Revenues	38,802,620		32,373,027	
Other income	808,686		1,729,655	
TOTAL REVENUES AND OTHER INCOME	**39,611,306**	**-**	**34,102,682**	**-**
Purchase of materials and external services	(9,853,606)	(430,655)	(9,006,471)	(477,476)
Personnel costs	(23,659,425)	(719,946)	(19,390,561)	(641,881)
Other operating costs	(1,333,785)		(1,343,172)	
Depreciation and amortisation/Impairment	(944,992)		(741,565)	
OPERATING PROFIT (LOSS)	**3,819,498**	**(1,150,601)**	**3,620,913**	**(1,119,357)**
Financial income	929,920		1,367,776	
Financial charges	(1,246,235)		(575,118)	
EARNINGS BEFORE TAXES	**3,503,183**	**(1,150,601)**	**4,413,571**	**(1,119,357)**
Income taxes	(615,768)		(784,886)	
NET PROFIT (LOSS) FROM OPERATIONS	**2,887,415**	**(1,150,601)**	**3,628,685**	**(1,119,357)**
Profit (loss) from assets held for sale and discontinued operations	-		-	
NET PROFIT FOR THE PERIOD	**2,887,415**	**(1,150,601)**	**3,628,685**	**(1,119,357)**
EARNINGS PER SHARE	0.55		0.73	
DILUTED EARNINGS PER SHARE	0.52		0.69	

Consolidated Statement of Comprehensive Income

	30 Sept. 2013	30 Sept. 2012
NET PROFIT FOR THE PERIOD	**2,887,415**	**3,628,685**
Foreign currency translation differences - foreign operations	(15,033)	-
Net change in fair value of assets held for sale	3,450	17,154
TOTAL ITEMS OF OTHER COMPREHENSIVE INCOME THAT WILL BE SUBSEQUENTLY RECLASSIFIED TO PROFIT /(LOSS) FOR THE PERIOD NET OF TAXES	**(11,583)**	**17,154**
Defined benefit plans actuarial gains (losses)	80,023	(28,480)
TOTAL ITEMS OF OTHER COMPREHENSIVE INCOME THAT WILL NOT SUBSEQUENTLY RECLASSIFIED TO PROFIT /(LOSS) FOR THE PERIOD NET OF TAXES	**80,023**	**(28,480)**
TOTAL PROFIT/ (LOSS) OF COMPREHENSIVE INCOME NET OF TAXES	**68,440**	**(11,326)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,955,855**	**3,617,359**

Consolidated Statement of Cash-Flows

	30 Sept. 2013	30 Sept. 2012
Net profit (loss) for the period	**2,887,415**	**3,628,684**
Non-monetary costs	95,398	415,532
Current tax	(352,395)	-
Change in deferred tax	27,408	-
Depreciation and amortisation, impairment and provisions	935,747	741,832
Cash flows from (used in) operating activities (before change in working capital)	**3,593,573**	**4,786,048**
(Increases)/decreases in trade receivables	(619,670)	(2,275,229)
(increases)/decreases in inventories	(219,808)	(496,048)
Increases/(decreases) in trade payables	(437,750)	(682,272)
increases/(decreases) in post-employment benefits	7,795	196,157
increases/(decreases) in other assets and liabilities	606,472	2,979,098
Change in operating assets and liabilities	(662,961)	(278,294)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	**2,930,612**	**4,507,754**
Increases in property, plant and equipment	(391,724)	(301,154)
Increases in intangible assets	18,541	(11,762,958)
Increases in financial assets	-	-
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	**(373,183)**	**(12,064,112)**
Increases / (decreases) in financial payables	(4,928,881)	1,777,782
(Increases) / decreases in financial receivables	-	2,031,771
Distribution of dividends	(2,106,906)	-
Share buy-backs	(784,146)	-
Stock options exercise	468,928	(459,884)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	**(7,351,005)**	**3,349,669**
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**(4,793,576)**	**(4,206,689)**
Effect of exchange rate changes on cash flows	97,758	205,157
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**15,818,812**	**14,370,363**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**11,122,994**	**10,368,831**

Consolidated Statement of Changes in Equity as at 30 September 2013

(€ thousand)	Share capital	Legal reserve	Share premium reserve	Merger surplus	First time application	Stock options	Actuarial differences on post-employment benefits	IRS Fair Value Reserve	Translation reserve	Retained earnings	Profit (loss) for the period	Total Equity
Balances at 31 December 2012	2,883,466	340,130	15,280,603	1,911,444	140,667	663,956	(754,463)	(3,450)	(156,257)	719,785	4,996,888	26,022,769
Profit (loss) as at 31 December 2012		102,870								5,035,062	(4,996,888)	141,044
Distribution of dividends										(2,106,906)		(2,106,906)
Allocation to stock option plan						38,793						38,793
Stock options subscription	72,500		396,428									468,928
Share buy-backs			(784,146)									(784,146)
MTM IRS								3,450				3,450
Post-employment benefits discounting							80,023					80,023
Exchange differences					(15,032)				(161,473)			(176,505)
Other changes										(42,950)		(42,950)
Profit (loss) as at 30 September 2013											2,887,415	2,887,415
Balances at 30 September 2013	2,955,966	443,000	14,892,885	1,911,444	125,634	702,749	(674,440)	-	(317,730)	3,604,991	2,887,415	26,531,915

Notes to the Financial Statements

1. Group's Structure and scope of consolidation

TXT e-solutions S.p.A., the Parent Company, and its subsidiaries operate both in Italy and abroad as international experts on software and strategic high-value solutions targeting large enterprises. The main business areas are: Integrated & Collaborative Planning, with TXT Perform Division's products and services for companies in the luxury, fashion, accessory and retail segments; Software for Complex Operations & Manufacturing, with TXT Next's solutions in the aerospace, defence, high-tech and finance sectors.

The table below shows the companies included in the scope of consolidation under the line-by-line method as at 30 September 2013:

Company name of the subsidiary	Currency	% of direct interest	Share Capital
TXT e-solutions SL	EUR	100%	600,000
TXT e-solutions Sarl	EUR	100%	1,300,000
TXT e-solutions Gmbh	EUR	100%	1,300,000
TXT e-solutions Ltd	GBP	100%	2,966,460
Maple Lake Ltd	CAD	100%	2,230,553
Maple Lake Pty Ltd	AUD	100%	112
Company name of the subsidiary	**Currency**	**% of indirect interest***	**Share Capital**
Maple Lake UK Ltd	GBP	100%	1

* through TXT e-solutions Ltd

The indirect subsidiary TXT Holding Ontario Ltd was liquidated in 2013; its net assets were transferred to TXT e-solutions Ltd during the company's liquidation.

TXT e-solutions Group's consolidated financial statements are presented in Euro.

Here below are the foreign exchange rates used for translating the amounts expressed in foreign currency of the subsidiaries TXT e-solutions Ltd, Maple Lake Ltd, Maple Lake Pty Ltd, and Maple Lake UK Ltd into Euro:

- Income Statement (average exchange rate for the first 9 months)

Currency	30 Sept. 2013	30 Sept. 2012
British Pound Sterling (GBP)	0.8522	0.8122
Canadian Dollar (CAD)	1.3485	1.2845
Australian Dollar (AUD)	1.3466	1.2390

- Balance sheet (exchange rate as at 30 September 2013 and 31 December 2012)

Currency	30 Sept. 2013	31 Dec. 2012
British Pound Sterling (GBP)	0.8361	0.8161
Canadian Dollar (CAD)	1.3912	1.3137
Australian Dollar (AUD)	1.4486	1.2712

2. Accounting standards and measurement bases

This interim report was prepared in compliance with IFRS and pursuant to Article 154-ter of the Consolidated Law on Finance (Legislative Decree 195/2007) implementing Directive 2004/109/EC on disclosure requirements. Such article replaced Article 82 ("Interim management report") and Annex 3D ("Content of the quarterly report") of Issuers' Regulation.

This interim report has been prepared in accordance with accounting standards and principles used to prepare the separate and consolidated financial statements. The assumptions applied to this interim report are also in line with those used in the separate and consolidated financial statements.

Interim report as at 30 September 2013 is not subject to auditing.

3. Final purchase price allocation concerning the business combination of the Maple Lake Group

On 19 July 2012, TXT e-solutions S.p.A. entered into a contract for the acquisition, carried out directly as well as through the subsidiaries and the vehicles formed specifically for this purpose by TXT e-solutions S.p.A., of the equity interests representing the entire share capital of Maple Lake Pty Ltd (Maple Lake Australia), Maple Lake Ltd (Maple Lake Canada), 2140531 Ontario Inc. (2140531 Holding), and the latter's direct subsidiary, Maple Lake UK Ltd (Maple Lake UK). The contract was subsequently finalised by the parties on 28 September 2012.

Provisional goodwill recorded as at 28 September 2012 (closing date) amounted to € 13,988,428.

According to the acquisition contract, part of the acquisition price shall be determined based on pre-set growth and profitability targets also deriving from combination synergies between Maple Lake and TXT in 2013 and 2014 up to a maximum amount of € 2,951,197.

During 2013 the price was finally set and allocated to the fair value of assets and liabilities acquired in line with the provisions of IFRS 3 (Purchase Price Allocation - PPA).

Due to the final price determination and allocation, the fair value of assets and liabilities acquired recognised in the Consolidated Financial Statements as at 31 December 2012 is restated as follows:

ASSETS (Amounts in Euro)	31 Dec. 2012	Maple Lake final PPA effect	31 Dec. 2012 Restated
NON-CURRENT ASSETS			
Goodwill	15,139,294	(2,226,878)	12,912,416
R&D	1,300,004	-	1,300,004
Intangible assets with finite useful life	3,426,956	(1,018,148)	2,408,808
Intangible assets	**19,866,254**	**(3,245,027)**	**16,621,228**
Own property, plant and equipment	1,121,001	-	1,121,001
Leased assets	33,281	-	33,281
Property, plant and equipment	**1,154,282**	**-**	**1,154,282**
Other non-current assets	**301,053**	**-**	**301,053**
Deferred tax assets	**493,907**	**-**	**493,907**
Other non-current assets	**794,960**	**-**	**794,960**
TOTAL NON-CURRENT ASSETS	**21,815,497**	**(3,245,027)**	**18,570,470**
CURRENT ASSETS			
Inventories	1,388,486	-	1,388,486
Trade receivables	17,274,489	-	17,274,489
Sundry receivables and other current assets	2,287,953	-	2,287,953
Cash and cash equivalents	15,818,812	-	15,818,812
TOTAL CURRENT ASSETS	**36,769,740**	**-**	**36,769,740**
TOTAL ASSETS	**58,585,237**	**(3,245,027)**	**55,340,210**
SHAREHOLDERS' EQUITY			
Share capital	2,883,466	-	2,883,466
Reserves	17,422,630	-	17,422,630
Retained earnings (accumulated losses)	719,785	-	719,785
Profit (loss) for the year	5,137,932	(141,044)	4,996,888
TOTAL SHAREHOLDERS' EQUITY	**26,163,814**	**(141,044)**	**26,022,769**
NON-CURRENT LIABILITIES			
Non-current financial liabilities	4,301,300	-	4,301,300
Long-term earn-out at fair value	2,784,284	(2,784,284)	-
Employee benefits expense	3,326,244	-	3,326,244
Deferred tax provision	1,269,903	(319,699)	950,204
Provision for future risks and charges	88,706	-	88,706
TOTAL NON-CURRENT LIABILITIES	**11,770,436**	**(3,103,983)**	**8,666,454**
		-	
CURRENT LIABILITIES		**-**	
Current financial liabilities	5,496,498	-	5,496,498
Short-term earn-out at fair value	-	-	-
Trade payables	1,799,747	-	1,799,747
Tax payables	889,563	-	889,563
Sundry payables and other current liabilities	12,465,179	-	12,465,179
TOTAL CURRENT LIABILITIES	**20,650,987**	**-**	**20,650,987**
TOTAL LIABILITIES	**32,421,423**	**(3,103,983)**	**29,317,441**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**58,585,237**	**(3,245,027)**	**55,340,210**

Following the determination of the purchase price, the earn-out was subject to remeasurement and estimated at zero. Therefore, the total purchase price amounted to € 10,309,139 (compared to € 13,260,336 before the final purchase price allocation).

The price remeasurement involved the following adjustments:

- € 2,226,878 decrease in goodwill compared to financial statements as at 31 December 2012, due to the € 2,951,196 change in the price paid and to the relevant lower allocation to intellectual property rights to the tune of € 724,319;
- lower fair value attributed to intellectual property rights to the tune of € 1,018,148;
- reassessment of earn-out, previously set at € 2,784,284, which fell to zero;
- € 319,699 decrease in deferred tax liabilities due to adjustments made to the intellectual property rights;
- € 141,044 decrease in retained earnings, due to lower interest expense on earn-out payable discounting, net of amortisation of intellectual property rights in the period and relevant deferred tax liabilities.

4. Financial Risk Management

As for business risks, the main financial risks identified and monitored by the Group are as follows:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk

The financial risk management objectives and policies of the TXT e-solutions Group reflect those illustrated in the consolidated financial statements as at 31 December 2012, to which reference should be made.

5. Subsequent events

There were no significant events after 30 September 2013.

6. Certification of the Interim Report pursuant to Article 154-bis of Legislative Decree 58/98

Pursuant to paragraph 2 of Article 154-bis, part IV, title III, heading II, section V-bis of Legislative Decree no. 58 dated 24 February 1999, the Manager responsible for preparing corporate accounting documents certifies that financial information included in this document corresponds to the company's accounting books and records.

Manager responsible for preparing

corporate accounting documents

Paolo Matarazzo

Milan, 6 November 2013