TXT e-solutions Group

TXT e-solutions

Interim report as at 31 March 2013

TXT e-solutions S.p.A.
Via Frigia, 27
20126 MILAN
Tel. +39 02 25771.1
Fax +39 02 2578994
e-mail: info@txt.it
www.txt.it
www.txtgroup.com

Share Capital: € 2,952,266 fully paid-in
Milan Economic and Administrative Register 1316895
Milan BUSINESS REGISTER no. 296287
Tax code, VAT no.: 09768170152

Board of Directors Meeting
8 May 2013

CONTENTS

- CORPORATE BODIES
- GROUP COMPOSITION
- KEY DATA AND DIRECTORS' REPORT ON OPERATIONS FOR THE FIRST 3 MONTHS OF 2013
- CONSOLIDATED FINANCIAL STATEMENTS AND NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

CORPORATE BODIES

BOARD OF DIRECTORS
term of office expires upon approval of the financial statements for the year ending 31 December 2013

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
term of office expires upon approval of the financial statements for the year ending 31 December 2013

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

EXTERNAL AUDITORS

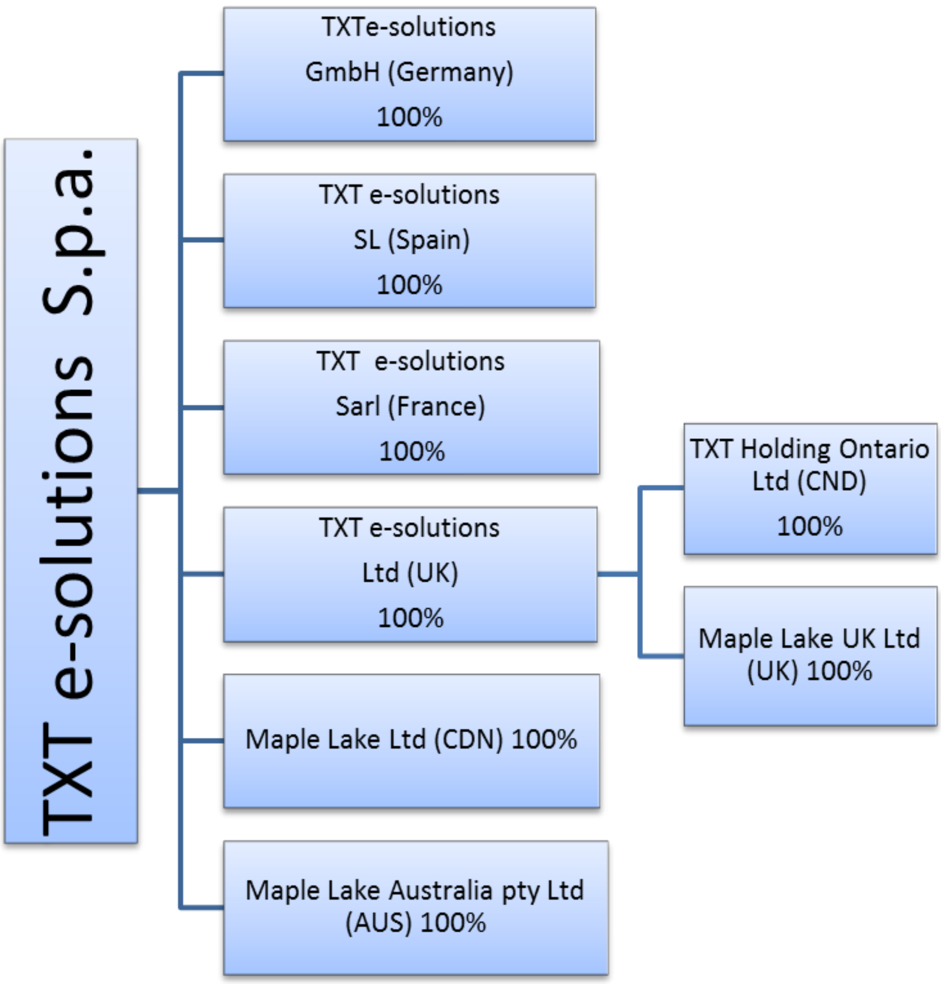
Reconta Ernst & Young Spa
Via della Chiusa, 2
20123 MILAN

INVESTOR RELATIONS

e-mail: infofinance@txtgroup.com
Tel: +39 02 25771.1

Group composition

31 March 2013
Company Name
% of control



TXT Holding Ontario Ltd (Canada) and Maple Lake UK Ltd (UK) are non-operating companies and, following the corporate restructuring plan in the wake of the Maple Lake acquisition, are to be liquidated during 2013.

TXT e-solutions S.p.A. Via Frigia, 27 - 20126 Milan (Italy) Tel. +39 02 25771.1 Fax +39 02 2578994 **www.txtgroup.com**
VAT No. 09768170152 Milan Economic and Administrative Register No. 1316895 Share capital: € 2.952.266 paid-in

Key data and Directors' report on operations for the first 3 months of 2013

KEY DATA

Income data (€ thousand)		*31/03/2013*	*%*	*31/03/2012*	*%*	*VAR %*
REVENUES		**13.213**	**100,0**	**11.608**	**100,0**	**13,8**
	TXT Perform	7.818	59,2	6.374	54,9	22,7
	TXT Next	5.395	40,8	5.234	45,1	3,1
EBITDA		**1.460**	**11,0**	**1.456**	**12,5**	**0,3**
Operating Profit (EBIT)		**1.118**	**8,5**	**1.239**	**10,7**	**(9,8)**
Net Profit from operations		**927**	**7,0**	**911**	**7,8**	**1,8**
Non-recurring profit		0		670		
Net Profit		**927**	**7,0**	**1.581**	**13,6**	**(41,4)**

Financial data (€ thousand)	*31/12/2013*	*31/12/2012*	*Var*
Fixed assets	21.253	21.815	(562)
Net working capital	1.737	4.527	(2.790)
Severance & other non-current liabilities	(3.449)	(3.415)	(34)
Capital employed	**19.541**	**22.927**	**(3.386)**
Net Financial Position - Cash	7.453	3.237	4.216
Shareholder's equity	26.994	26.164	830

Individual share data (in €)	*31/03/2013*	*31/03/2012*	*Var*
Average number of shares outstanding *	5.179.866	5.014.345	165.521
Net earnings per share *	0,18	0,32	(0,14)
Equity per share *	5,21	5,22	(0,01)

Additional information	*31/03/2013*	*31/12/2012*	*Var*
Number of employees	496	488	8
TXT share price *	7,75	6,30	1,45

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

Notes on Alternative Performance Measures

Pursuant to the CESR Recommendation on alternative performance measures (CESR/05-178b), it should be noted that the reclassified statements included in this Directors' Report on Operations show a number of differences from the official statements shown in the accounting tables set out in the following pages and in the Notes with regard to the terminology and the level of detail.

Specifically, the reclassified consolidated Income Statement introduces the following terms:

- **EBITDA,** which in the official consolidated Income Statement means "Total revenues" net of total operating costs.
- **EBIT**, which in the official consolidated Income Statement means "Total revenues" net of total operating costs, depreciation and amortisation, and impairment of fixed assets;

The reclassified consolidated Balance Sheet was prepared based on the items recognised as assets or liabilities in the official consolidated Balance Sheet, and it introduces the following terms:

- **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 3 MONTHS OF 2013

Dear Shareholders,

The first months of 2013 were characterised by the business combination with Maple Lake, acquired in 2012, as well as investments in both research and development, to integrate TXT's and Maple Lake's software products into one of the most comprehensive integrated offerings available on the market, and commercial activities, especially to develop the business in North America.

- Revenues increased by 13.8% from € 11.6 million to € 13.2 million. Revenues from licenses and maintenance amounted to € 3.2 million, i.e. 24% as a percentage of total revenues, up 29.1% compared to the first quarter of 2012.

- International Revenues rose 18.1%, from € 5.7 million to € 6.7 million, and accounted for 51% of total sales. The TXT Perform division, which creates innovative integrated planning software for leading companies in the Retail, Luxury and Fashion industries, as well as the Maple Lake acquisition, contributed to this result.

- Gross Margin grew by 16.7%, faster than revenues, and profitability improved from 51.3% to 52.5%.

- EBITDA remained substantially unchanged from the previous year, amounting to € 1.5 million, i.e. 11.0% as a percentage of revenues. All research and development costs were expensed in the period, as in 2012. During the quarter, the integration of Maple Lake and the release of new major products caused research and development expenditure as well as commercial expenditure to increase by 27.0% and 23.1%, respectively, to support future growth.

- Net profit amounted to € 0.9 million (7.0% as a percentage of revenues), in line with the prior-year period, excluding the one-off gain in 2012. A lower tax burden offset higher depreciation and amortisation expenses following the Maple Lake acquisition. Last year, non-recurring profit totalled € 0.7 million thanks to the gain on the sale of KIT Digital shares as part of the disposal of Polymedia.

- The Net Financial Position, which was positive to the tune of € 3.2 million as at 31 December 2012, rose to € 7.5 million as at 31 March 2013 on the back of strong cash flows during the quarter and a lower working capital.
  Similarly to the end of 2012, the Net Financial Position includes a € 2.8 million contingent liability equal to the fair value measurement of the maximum earn-out amounts payable to the sellers of Maple Lake contingent upon the achievement of growth and profitability targets for 2013 and 2014. Including this contingent liability, the net available financial resources were € 10.3 million.

- Shareholders' equity as at 31 March 2013 amounted to € 27.0 million, rising from € 26.2 million as at 31 December 2012, mainly as a result of profit for the period (€ 0.9 million).

Both TXT's business areas contributed to the growth in revenues, with TXT Perform and TXT Next posting an increase of +22.7% (59% of group's revenues) and +3.1% (41% of group's revenues), respectively. Net of the Maple Lake acquisition, revenues increased by +2.2%.

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

CONSOLIDATED INCOME STATEMENT as of 31 March 2013 and 2012

€ thousand	Q1 2013	%	Q1 2012	%	Var 13/12%
REVENUES	**13.213**	**100,0**	**11.608**	**100,0**	**13,8**
Direct costs	6.271	47,5	5.658	48,7	10,8
GROSS MARGIN	**6.942**	**52,5**	**5.950**	**51,3**	**16,7**
Research and Development costs	1.292	9,8	1.017	8,8	27,0
Commercial costs	2.512	19,0	2.041	17,6	23,1
General and Administrative costs	1.678	12,7	1.436	12,4	16,9
EBITDA	**1.460**	**11,0**	**1.456**	**12,5**	**0,3**
Amortization, depreciation	342	2,6	217	1,9	57,6
OPERATING PROFIT (EBIT)	**1.118**	**8,5**	**1.239**	**10,7**	**(9,8)**
Financial income (charges)	(50)	(0,4)	81	0,7	n.m.
EARNINGS BEFORE TAXES (EBT)	**1.068**	**8,1**	**1.320**	**11,4**	**(19,1)**
Taxes	(141)	(1,1)	(409)	(3,5)	(65,5)
NET PROFIT FROM OPERATIONS	**927**	**7,0**	**911**	**7,8**	**1,8**
Non recurring profit	-	-	670	5,8	n.m.
NET PROFIT	**927**	**7,0**	**1.581**	**13,6**	**(41,4)**

REVENUES AND GROSS MARGINS

The table below highlights the TXT Group's results reclassified by business unit down to gross margin:

€ thousand	TXT PERFORM				
	Q1 2013	%	Q1 2012	%	VAR 13/12
Revenues	**7.818**	**100,0**	**6.374**	**100,0**	**22,7**
Licenses & maintenance	3.200	40,9	2.469	38,7	29,6
Projects and other income	4.618	59,1	3.905	61,3	18,3
Direct costs	2.856	36,5	2.479	38,9	15,2
Gross margin	**4.962**	**63,5**	**3.895**	**61,1**	**27,4**

€ thousand	TXT NEXT				
	Q1 2013	%	Q1 2012	%	VAR 13/12
Revenues	**5.395**	**100,0**	**5.234**	**100,0**	**3,1**
Licenses & maintenance	29	0,5	32	0,6	(9,4)
Projects and other income	5.366	99,5	5.202	99,4	3,2
Direct costs	3.415	63,3	3.179	60,7	7,4
Gross margin	**1.980**	**36,7**	**2.055**	**39,3**	**(3,6)**

€ thousand	TOTAL TXT				
	Q1 2013	%	Q1 2012	%	VAR 13/12
Revenues	**13.213**	**100,0**	**11.608**	**100,0**	**13,8**
Licenses & maintenance	3.229	24,4	2.501	21,5	29,1
Projects and other income	9.984	75,6	9.107	78,5	9,6
Direct costs	6.271	47,5	5.658	48,7	10,8
Gross margin	**6.942**	**52,5**	**5.950**	**51,3**	**16,7**

TXT Perform

The TXT Perform division's revenues amounted to € 7.8 million, up 22.7% from € 6.4 million in the first quarter of 2012 on the back of the consolidation of Maple Lake; net of this contribution, they grew by 1.4%.

Revenues from licenses and maintenance rose 29.6%, from € 2.5 million to € 3.2 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 long-time use of our software solutions. Revenues from licenses and maintenance rose from 38.7% to 40.9% as a percentage of the division's total revenues.

The division’s international revenues increased from € 5.3 million to € 6.4 million, up 21.8% and accounting for 82% of TXT Perform's revenues.

The division's gross margin, net of the direct costs incurred in rendering services and projects to customers, rose from € 3.9 million to € 5.0 million, and from 61.1% to 63.5% as a percentage of revenues, thanks both to the improved revenue mix and the stronger contribution margin for services.

TXT's product range is extremely competitive as far as customer requirements and competing products are concerned thanks to TXTPERFORM, 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 to make informed decisions based on key qualitative information and data, improving management and planning efficiency and effectiveness in the customers’ entire business. Furthermore, its set of integrated performance metrics facilitates Supply Chain performance management.

TXTPERFORM solutions are specialised in the Fashion & Luxury, Specialty Retail, CPG and Discrete Manufacturing industries. They integrate the relevant best practices and in-depth knowledge of the characteristics and needs of each market accrued by our consultants by working side-by-side for years with leading international companies. The products are based on flexible, cutting-edge technology and are integrated with the latest versions of Microsoft SharePoint, Office, SQL Server, mobile (Windows 8) and Cloud (Azure) products.

The main customer processes covered by the TXTPERFORM solutions are summarised in the following chart:

In September 2012, TXT completed the acquisition of Maple Lake, a company specialising in Fashion Retail Planning. Through this acquisition, TXT has strengthened its position in Europe and established a direct presence in North America, where it already has several major customers, as well as Australia. The Maple Lake acquisition has extended TXT's geographical presence, and the potential target market of TXT Perform has more than tripled to over 1,500 major retailers in North America, Europe and Australia.

Maple Lake brings to TXT 50 new major retail customers, operating with about 90 brands, including many well-known names such as Aeropostale, Arcadia Group, Barneys New York, Columbia, Levi's Strauss & Co and Steve Madden. After the acquisition, TXT, which already serves a large number of top brands such as Louis Vuitton in Luxury and Auchan in retail, will have more than 400 Fashion Retail customers, managing well over 100,000 stores and channels worldwide.

At the National Retail Federation's (NRF) annual convention in New York, held on 14-15 January 2013, TXT announced the new 5.0 version of its Integrated Retail Planning software.

The new version further expands the software's visual assortment capabilities, making it even easier to associate images to styles and components, navigate the collection, create store-specific assortments, compare and analyse product ranges at different stores, all in a new immediate and intuitive visual planning tool.

The NRF event was also an opportunity for several companies to learn about the results obtained by TXT's and Maple Lake's customers in all Retail Planning processes using TXT solutions: PLM, multichannel sales planning and merchandise, forecasting, assortment and allocation planning.

On 21 March 2013 in London, TXT organised in partnership with Microsoft the TXT Thinking Retail! Event, which saw the participation of over 120 delegates from 50 companies, with the aim of sharing integrated planning approaches and results in the era of multichannel sales and in mobile.

On this occasion, TXT announced that its proprietary software TXTPlanning and TXTPLM are now available for deployment on Microsoft Azure and Amazon AWS Cloud platforms. TXT on Cloud further increases the typical benefits of PLM and Integrated Planning software, making the solutions available for use in a very flexible and scalable environment, thus reducing deployment costs and time. TXT on Cloud facilitates connectivity within the company. In processes such as forecasting, requiring a high level of interaction across several corporate functions, this is a key differentiator.

Also on show where new TXT Mobile solutions, i.e. new applications which allow to operate TXT solutions on portable devices, smartphones and tablets, with the aim of making the collection development process increasingly integrated and collaborative. The new TXTPLM 3.0 version, based on Windows 8, streamlines access and usability with icons and images, facilitating constant monitoring of collection development by all users.

During the first quarter 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), Redcats (F), Eckes-Granini (F), Kenzo (F), Delsey (F), Celine (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), Desigual (E), Loewe (E), Manor AG (CH), Bestseller (DK), Marc Jacobs (USA), Guess (USA), Swatch (USA), Kenneth Cole (USA), Modells (USA).

TXT Next

The TXT NEXT division increased its revenues to € 5.4 million, up 3.1% from € 5.2 million in the first quarter of 2012. The Aerospace & Defence and the Banking & Finance segments performed well. The division's revenues accounted for 40.8% of the group's revenues.

Gross margin fell from € 2.1 million to € 2.0 million, essentially due to lower government grants related to income given to the Corporate Research division for funded projects.

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 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.

REVENUE TREND

Research and development expenditure for the quarter amounted to € 1.3 million, up +27.0% from € 1.1 million in the first quarter of 2012. It rose from 8.8% to 9.8% as a percentage of revenues. This increase refers to the costs to evolve and merge TXT Perform's and Maple Lake's solutions into one single product, the initiatives related to the new Mobile solutions, the evolution of Cloud offerings, and User Experience improvements. As in the previous year, all research and development costs were expensed in the period.

With the acquisition of Maple Lake, qualified and skilled staff working at the offices in Leicester joined the TXT Perform research and development team. 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.

Commercial costs amounted to € 2.5 million, +23.1% from the prior-year period as a result of investments made to bolster the commercial network in North America and the new initiatives to promote TXT Perform products at the NRF event in New York and the Thinking Retail conference in London during the first quarter. Commercial costs rose from 17.6% to 19.0% as a percentage of revenues.

General and administrative costs amounted to € 1.7 million, compared to € 1.4 million in the first quarter of 2012, rising from 12.4% to 12.7% as a percentage of revenues due to the integration of Maple Lake.

Gross operating profit (EBITDA) amounted to € 1.5 million in the first quarter of 2013, substantially in line with 2012 (+0.3%). As a percentage of revenues, it amounted to 11.0%.

Operating profit (EBIT) was € 1.1 million, down from € 1.2 million in the prior-year period, due to the 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 8.5%.

Net profit from operations totalled € 0.9 million, substantially in line with the first quarter of 2012 (+1.8%) due to a lower tax burden. It amounted to 7.0% as a percentage of revenues, compared to 7.8% in 2012.

The non-current profit for the first quarter of 2012 included a one-off € 0.7 million gain from the sale of KIT Digital shares as part of the disposal of Polymedia.

CAPITAL EMPLOYED

As at 31 March 2013, Capital Employed totalled € 19.5 million, improving by € 3.4 million compared to € 22.9 million as at 31 December 2012, mainly due to the reduction in net working capital (-€ 2.8 million).

Fixed assets decreased by € 0.5 million, from € 21.8 million to € 21.3 million. Intangible assets fell by € 0.4 million as a result of the amortisation of research and development costs capitalised in recent years as well as of intellectual property rights to software and the customer portfolio of the Maple Lake acquisition. Similarly to last year, all research and development costs were expensed in full in the period. Property, plant and equipment remained substantially unchanged, due to the investments made during the period in servers and computers, net of depreciation for the period.

Net Working Capital fell by € 2.8 million, from € 4.5 million to € 1.7 million, as a result of lower trade receivables (-€ 1.3 million) and higher sundry payables and other liabilities, including the provision for variable compensation.

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:

CAPITAL EMPLOYED

€ thousand	31/03/2013	31/12/2012	Totale variazione	31/03/2012
Intangible assets	19.461	19.866	(405)	6.422
Tangible assets	1.129	1.154	(25)	856
Other fixed assets	663	795	(132)	208
Fixed Assets	**21.253**	**21.815**	**(562)**	**7.486**
Inventories	1.607	1.388	219	1.292
Trade receivables	15.938	17.274	(1.336)	14.465
Other short term assets	2.596	2.288	308	3.335
Trade payables	(1.530)	(1.800)	270	(2.372)
Tax payables	(1.812)	(2.158)	346	(1.644)
Other payables and short term liabilities	(15.062)	(12.465)	(2.597)	(12.102)
Net working capital	**1.737**	**4.527**	**(2.790)**	**2.974**
Severance and other non current liabilities	**(3.449)**	**(3.415)**	**(34)**	**(3.453)**
Capital employed	**19.541**	**22.927**	**(3.386)**	**7.007**
Shareholders' equity	26.994	26.164	830	21.792
Net financial debt	(7.453)	(3.237)	(4.216)	(14.785)
Financing of capital employed	**19.541**	**22.927**	**(3.386)**	**7.007**

The € 12.5 million increase (from € 7.0 million to € 19.5 million) in Capital Employed compared to the prior-year period was essentially due to the Maple Lake acquisition, which caused the item to rise by € 13.1 million.

Consolidated shareholders' equity amounted to € 27.0 million, up € 0.8 million compared to € 26.2 million as at 31 December 2012, due to net profit for the period, net of currency translation differences arising on the consolidation of foreign subsidiaries, the purchase of 62,400 treasury shares, and the issue of 122,600 new shares to service the 2008 stock-option plan.

The consolidated net financial position as at 31 March 2013 was positive to the tune of € 7.5 million, improving by € 4.2 million compared to € 3.2 million as at 31 December 2012.

In both periods, the Net Financial Position includes a € 2.8 million contingent liability equal to the fair value measurement of the maximum earn-out amounts payable to the sellers of Maple Lake contingent upon conditions related to growth and profitability resulting from the combination's synergies for 2013 and 2014 (CAD$ 4 million). The payment of these earn-outs is uncertain and contingent upon a significant increase in profitability; pursuant to IFRS 3, the maximum outflow of resources was measured at fair value at € 2.8 million and was considered as a medium/long-term financial payable.

Therefore, the Net Available Financial Resources as at 31 March 2013, including this liability, amounted to € 10.3 million, as detailed in the following table:

NET FINANCIAL POSITION

€ thousand	31.03.2013 *(a)*	31.12.2012 *(b)*	Var *(a-b)*	31.03.2012
Cash	16.566	15.819	747	14.980
Negotiable securites	-	-	-	3.378
Short term debt	(1.968)	(5.496)	3.528	(1.596)
Short term Financial Resources	**14.598**	**10.323**	**4.275**	**16.762**
Long term debt	(4.310)	(4.302)	(8)	(1.977)
Net Available Financial Resources	**10.288**	**6.021**	**4.267**	**14.785**
Financial Debt for Earn-out (IFRS 3)	(2.835)	(2.784)	(51)	-
Net Financial Position	**7.453**	**3.237**	**4.216**	**14.785**

The Net Financial Position as at 31 March 2013 is detailed as follows:

- € 16.6 million in cash and bank assets are 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 € 2.0 million, consist of payments due within 12 months for medium/long-term loans. The decrease compared to 31 December 2012 is due to the payment of grants for research projects (€ 3.6 million) received by TXT as coordinator at the end of 2012 and distributed during the quarter to the other companies participating in the projects.
- Payables due to banks with maturity beyond 12 months, totalling € 4.3 million, consist of a 5-year loan entered into at the end of 2012 with a par value of € 4.0 million and largely subsidised medium/long-term loans for funded research and development.

EMPLOYEES

As at 31 March 2013, the group had 496 employees, compared with 488 as at 31 December 2012. The 8 additional employees were hired substantially by the TXT Next division due to rising business volumes.

In the first quarter of 2013, personnel costs amounted to € 8.0 million, compared to € 7.0 million in the prior-year period, rising 14.5% mainly as a result of the consolidation of Maple Lake's staff, which caused the number of employees to rise by 66.

TXT SHARE PERFORMANCE AND TREASURY SHARES

During the first three months of 2013, the share price of TXT e-solutions reached a high of € 9.24 on 6 March 2013 and a low of € 6.31 on 4 January 2013. As at 31 March 2013, the share price was € 7.75, up 23% since the start of the year. During the period, a daily average of 25,578 TXT shares were traded, representing a strong result and growing from 2012. TXT ranks among the best stocks listed on 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 three months of 2013, TXT purchased 62,400 treasury shares at an average price of € 7.0 per share, for a total of € 0.4 million. During the first quarter, 122,600 new shares were issued to service the 2008 stock option plan and 20,803 treasury shares were awarded to the beneficiaries of the 2012 stock grant plan. As at 31 March 2013, TXT held 635,097 treasury shares, amounting to 10.76% of shares outstanding. At the end of the period, there were 11,400 stock options and 7,197 stock grants vested and not yet exercised.

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 now 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.

Meetings were arranged with institutional investors, both during the Star Conference event organised by Borsa Italiana in Milan on 26 March 2013 and for specific occasions, in order to illustrate the company's performance and offer the opportunity to invest in TXT stock.

EVENTS AFTER THE REPORTING PERIOD AND OUTLOOK

The Shareholders' 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 (to be paid on 30 May 2013), less treasury shares held at that date. Therefore, total dividends will amount to approximately € 2.1 million to be distributed to the shares outstanding at the ex-dividend date, estimated to be approximately 5.3 million.

Furthermore, the Shareholders' Meeting renewed the authorisation to purchase treasury shares for a period of 18 months up to 20% of the share capital. Today, the Company holds 636,247 treasury shares, accounting for 10.78% of share capital.

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 ongoing 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 corporate accounting documents

Paolo Matarazzo

The Chairman of the Board of Directors

Alvise Braga Illa

Milan - 8 May 2013

Notes and Financial Statements

Consolidated Balance Sheet as at 31 March 2013

BALANCE SHEET: ASSETS			
Amounts in €	31.03.2013	31.12.2012	Var.
NON-CURRENT ASSETS			
Intangible Assets	**19.460.608**	**19.866.254**	**(405.646)**
- Goodwill	14.992.554	15.139.294	(146.740)
- R&D	4.468.054	4.726.960	(258.906)
- Definite life Intangible assets	1.171.019	1.300.004	(128.985)
Tangible Assets	3.297.035	3.426.956	(129.921)
Buildings, plants and machinery owned	**1.128.617**	**1.154.282**	**(25.665)**
- Lease assets	1.100.883	1.121.001	(20.118)
- Other non-current assets	27.734	33.281	(5.547)
Other non-current assets	**148.464**	**301.053**	**(152.589)**
- Other non-current assets	148.464	301.053	(152.589)
Deferred Tax Assets	**514.995**	**493.907**	**21.088**
TOTAL NON- RECURRENT ASSETS	**21.252.684**	**21.815.496**	**(562.812)**
CURRENT ASSETS:			
Inventories	1.607.323	1.388.486	218.837
Trade receivables	15.938.099	17.274.489	(1.336.390)
Other current assets	2.595.655	2.287.953	307.702
Cash	16.565.941	15.818.812	747.129
TOTAL CURRENT ASSETS	**36.707.018**	**36.769.740**	**(62.722)**
TOTAL ASSETS	**57.959.702**	**58.585.236**	**(625.534)**

BALANCE SHEET : LIABILITIES			
Amounts in €	31.12.2012	31.12.2012	Var.
SHAREHOLDERS' EQUITY			
Share capital	2.952.266	2.883.466	68.800
Reserves	17.268.219	17.422.630	(154.411)
Retained earnings	5.846.210	719.785	5.126.425
Profit for the period	926.884	5.137.932	(4.211.048)
TOTAL SHAREHOLDERS' EQUITY	**26.993.579**	**26.163.813**	**829.766**
NON-CURRENT LIABILITIES			
Non–current financial liabilities	4.310.139	4.301.301	8.838
Long term Earn-out	2.835.449	2.784.284	51.165
Severance and other personnel liabilities	3.360.218	3.326.244	33.974
Deferred tax liabilites	1.235.651	1.269.903	(34.252)
Provision for risks	88.706	88.706	0
TOTAL NON-CURRENT LIABILITIES	**11.830.163**	**11.770.438**	**59.725**
CURRENT LIABILITIES			
Current financial liabilities	1.967.605	5.496.498	(3.528.893)
Trade payables	1.529.712	1.799.747	(270.035)
Tax payables	575.945	889.563	(313.618)
Other current liabilities	15.062.698	12.465.177	2.597.521
TOTAL CURRENT LIABILITIES	**19.135.960**	**20.650.985**	**(1.515.025)**
TOTAL LIABILITIES	**30.966.123**	**32.421.423**	**(1.455.300)**
TOTAL EQUITY AND LIABILITIES	**57.959.702**	**58.585.236**	**(625.534)**

Consolidated Income Statement as at 31 March 2013

CONSOLIDATED INCOME STATEMENT				
Euro	31/03/2013	31/03/2012	Var.	%
Revenues	12.465.150	10.449.382	2.015.768	19,3
Other income	748.319	1.158.248	(409.929)	(35,4)
Total Revenues and income	13.213.469	11.607.630	1.605.839	13,8
Purchases of materials and services	(3.247.028)	(2.623.565)	(623.463)	23,8
Personnel costs	(8.017.784)	(7.000.275)	(1.017.509)	14,5
Other operating costs	(488.894)	(528.018)	39.124	(7,4)
Amortization and Depreciation	(341.332)	(217.802)	(123.530)	56,7
OPERATING RESULT	1.118.431	1.237.970	(119.539)	(9,7)
Financial income	229.539	916.326	(686.787)	(75,0)
Financial Charges	(279.534)	(164.878)	(114.656)	69,5
Pre-tax result	1.068.436	1.989.418	(920.982)	(46,3)
Income taxes	(141.552)	(408.522)	266.970	(65,4)
Net Income	**926.884**	**1.580.897**	**(654.013)**	**(41,4)**

Consolidated Statement of Cash Flows as at 31 March 2013

Euro	31.03.2013	31.03.2012
Operating activities		
Net Income	**926.884**	**1.580.897**
Non cash costs	38.793	116.379
Net interest paid	13.605	24.970
Variance in deferred taxes	(55.340)	144.006
Amortization, Depreciation & Write-downs	341.332	217.802
Cash flows generated by operations before working capital	**1.265.274**	**2.084.054**
Trade recevables	1.336.390	(2.191.690)
Inventories and work in progress	(218.837)	(630.577)
Trade paybles	(270.035)	80.415
Tax payables	(313.618)	408.362
Severnace and other personnel liabilites	33.974	40.702
Other current assets/liabilities	2.445.919	2.811.894
Cash flow from operating activities	**4.279.067**	**2.603.160**
Investing activities		
Increase in fixed assets :		
- Tangible	(64.537)	(114.233)
- Intangible	(1)	(6.903)
- Financial	0	7.631
Decrease in fixed assets and other changes	15.064	7.917
Uses of cash in investing activities	**(49.474)**	**(105.588)**
Financial activities		
Increase/decrease financial debts	(3.468.891)	(1.498.979)
Other changes in net equity	97.118	(210.103)
Cash flow from financial activities	**(3.371.773)**	**(1.709.082)**
Increase/decrease in liquid bank assets	**857.822**	**788.492**
Cash at beginning of the period	15.818.812	14.369.062
Difference in Currency Translation	(110.693)	7.919
Cash at the end of the period	16.565.941	15.165.473
	857.822	**788.492**

Introduction

Incorporated in 1989 as TXT Ingegneria Informatica S.p.A, the company was renamed TXT e-solutions S.p.A. on 16 March 2000. It operates in the IT sector, providing software and service solutions in application areas that are crucial for its customers through innovative information technologies.

The TXT e-solutions S.p.A. Group has adopted the IAS/IFRS International Accounting Standards issued by the International Accounting Standard Board and adopted by the European Union following the entry into force of Regulation (EC) No. 1606 of July 2002, from 1 January 2005, and for the parent's separate financial statements from 1 January 2006.

Explanatory notes to the Group's interim figures

The form and content of this quarterly report conform to the requirements of IAS 34 "Interim Reporting". This report has been prepared in accordance with International Accounting Standards ("IAS - IFRS") issued by the International Accounting Standards Board and adopted by the EU, including all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly known as Standing Interpretations Committee ("SIC").

The quarterly report as at 31 March 2013 consists of the consolidated financial statements and the reclassified consolidated financial statements whose form and content, where applicable, are consistent with the financial statements as at 31 March 2012 as well as the financial statements for the year 2012.

During the period, no exceptional circumstances requiring to use the exemptions allowed under IAS 1 occurred.

As for information relating to the nature of the company's business, business areas, and significant events after the reporting period, reference should be made to the Directors' report on operations.

The accounting policies applied in preparing the financial statements, as well as the composition of and changes in individual items, are illustrated below. All comparative data for the prior-year period have been restated to reflect the new accounting policies.

All amounts are expressed in euro, unless otherwise indicated.

The publication and release of this report were approved by the Board of Directors' Meeting held on 8 May 2013.

Basis of consolidation and measurement bases

The consolidated financial statements include the financial statements of TXT e-solutions S.p.A. and its subsidiaries as at 31 March 2013.

The subsidiaries are consolidated line-by-line from the acquisition date, or the date when control is obtained, and cease to be consolidated on the date when control is lost. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Intragroup balances and transactions, including any unrealised profits and losses resulting from intragroup transactions and dividends, are eliminated in full.

Unrealised profits and losses on transactions with associates or jointly controlled entities are eliminated to the extent of the Group's equity interest in those companies.

Total comprehensive income of a subsidiary is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

If the parent loses control of a subsidiary, it:
- Derecognises the assets (including any goodwill) and liabilities of the subsidiary
- Derecognises the carrying amounts of any non-controlling interests in the former subsidiary
- Derecognises the cumulative exchange differences recognised in equity
- Recognises the fair value of the consideration received
- Recognises the investment retained in the former subsidiary at its fair value
- Recognises any gain or loss in profit or loss
- Reclassifies to profit or loss, or transfers directly to retained earnings if required, the parent's share in the amounts previously recognised in other comprehensive income.
- In 2012, TXT completed the important acquisition of Maple Lake, an international specialist in Fashion Retail Planning, through which TXT now has a direct presence in North America and Australia and has strengthened its position in Europe.

Consolidation procedures

The quarterly report has been prepared using the accounting policies and measurement bases indicated in Regulation (EC) No. 1606/2002 as amended and supplemented. Below are the main consolidation procedures used in preparing these financial statements:

a) The carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary are eliminated, recognising the assets acquired and liabilities assumed using the line-by-line method. There are no non-controlling interests in the company's equity.

b) Intragroup balances, transactions, income and expenses have been eliminated;
The financial statements of the only foreign company operating outside of the Euro area (TXT e-solutions LTD) were translated into euro using the following methods: assets and liabilities are translated at the spot exchange rate at the end of the reporting period (Currency Exchange Rate: 1€. = 0.8456 GBP, 1.3021 CAD, 1.2308 AUD), while the income statement is translated using the average exchange rate (Average Exchange Rate: 1€. = 0.8517 GBP, 1.3317 CAD, 1.2716 AUD); currency translation differences arising from the adjustment of the opening balance of equity to the spot exchange rate at the end of the period are recognised in equity as "Translation reserve" under "Other reserves"; the difference arising from the translation of the result for the period at the average rate compared to the translation at the spot exchange rate at the end of the period is recognised in equity as "Translation reserve".

The assessment and measurement of the accounting items in the financial statements as at 31 March 2013 are based on the IAS/IFRS accounting standards in force and related interpretations as issued by the International Financial Reporting Interpretations Committee (IFRIC).

RISK MANAGEMENT

The Group has adopted an internal control system made up of a set of rules, procedures and organisational structures aimed at ensuring a sound and correct management of the company, also through adequate identification, management and monitoring of the main risks that could jeopardise the accomplishment of corporate goals.
This section describes the risks and uncertainties related to the economic-regulatory framework and market conditions that may affect the Group's performance; specific risks that may give rise to obligations for the Group are assessed when determining the amount of the relevant provisions and detailed in the notes to the financial statements together with the relevant contingent liabilities.
For the purposes of risk management, the Group adopts specific procedures designed to maximise value for its shareholders, undertaking all measures necessary to prevent the risks inherent to the Group's business.

External Risks

Risks related to general economic and industry conditions

The Information Technology market is linked to the performance of industrialised economies, where high tech products are in greater demand. Should the domestic and international economic downturn persist, it could stifle demand for the Group's products, which in turn would negatively affect the Group's financial and economic situation.

The Group's main end-markets are fashion/luxury, specialised retail, Aerospace & Defence, and Banking & Finance. Since 2009, the economic industries have been facing a deep crisis. Should this weakness and uncertainty persist for long or even worsen, market conditions could significantly deteriorate, negatively affecting the Group's financial and economic situation.

Risks related to rapid changes in technology, customer demands and the reference regulatory framework

The industry in which the Group operates is characterised by swift and deep technological changes and constantly evolving professional skills and competences. In addition, more demanding customers, together with potential changes in the reference regulatory framework, require constant software updates.
The Group invests significantly in the development of new projects and technologies, not only to promptly meet the reference market's demand, but also to anticipate its trends by proposing a range of new products that can influence customer demand. Therefore, should customers become increasingly reluctant to spend for new technologies, the Group would be exposed to the risk of making not enough returns on the investments made.
These investments do not ensure that the Group will always be able to detect and use innovative technological devices or do not exclude the risk of obsolescence for existing products, nor will they guarantee the Group's ability to develop and introduce new products or innovate existing ones in time to meet customer and market demand. All these situations represent a significant potential risk for the Group's business and its economic and financial results.

Risks related to strong competition in the Group's industry

Information Technology is a highly competitive market – other players could try to increase their market share at the expense of the Group. Furthermore, increasing competition and the potential entry of new companies in the Group's reference industries with human, financial and technological resources such as to offer more competitive prices could hamper the Group's business and its ability to consolidate or increase its market share in the reference industries. This would affect the Group's business and its financial and economic position.

Risks related to technology property rights

The Group's software and procedures are protected by Italian copyright laws. The management also believes that the technological level of the Group's products, together with the technical know-how necessary to constantly and progressively implement and update them, represent elements that can prevent existing and potential competitors from acquiring significant competitive advantages.
However, Italian copyright laws do not rule out the risk that other competitors independently develop similar products or new ones capable of replicating the same characteristics and functions of our products without infringing copyright. The Group's technology may also be pirated by third parties.

Internal Risks

Risks related to dependence on key personnel

The Group's success largely depends on the skills of some key personnel who made decisive contributions to its growth, such as the executive directors and managers with years of experience in the industry. The loss of one such key staff member without a suitable replacement could negatively affect the Group's outlook, business, and economic and financial results.

Furthermore, the Group's business is strongly characterised by the cutting-edge technological expertise of its staff. Therefore, the future success of the Group significantly depends on the continuity of functions performed by its specialised technicians and consultants, as well as the Group’s ability to attract and retain highly qualified personnel.
In the Information Technology industry, personnel costs represent a critical development factor. The potential problems faced by the Group in managing personnel may negatively affect its business, financial position and results.

Risks related to selling times and implementation cycles

Managing the Group's software sales generally requires a long-term engagement, also due to the need to illustrate the potential advantages the Group's products offer and train customers on how to correctly use them. Negotiations and subsequent procedures arising from the sale of products normally last for a period of time ranging from some months to a year. Furthermore, product implementation procedures often require the customer to invest human and economic resources over a long period of time. Selling operations and the product's adaptation to the customer’s IT system could slow down due to, for example, completion of the implementation process, unforeseen circumstances beyond the Group’s control (sudden budget constraints for the customer or corporate restructuring), or the complexity of the customer's technical requirements in general. Potential delays caused by protracted sales cycles or relating to how the customer uses the product may affect the Group's performance, financial position and results.

Risks related to dependence on customers

The Group offers its products and services to medium- and large-sized businesses operating in different markets.
Although some customers are important for the Group, management believes that its performance does not significantly depend on any specific customer, as customers update their IT systems at different times and at rather long intervals.

Risks related to internationalisation

Over the last few years, the Group has endeavoured to internationalise its business, and it looks forward to generating an increasing share of its revenues from sales abroad. Therefore, the Group could be exposed to risks associated with international operations, including those relating to changes in economic, political, tax and regulatory conditions in the countries in which it operates, as well as exchange rate risks in the case of countries outside of the Euro area. Unfavourable events in these areas could negatively affect the Group's business and outlook.

Risks related to breach of contracts and potential liabilities to customers

Software products as sophisticated as those marketed by the Group, although duly tested, can show flaws and problems during the installation and integration into the customer's IT system. Such events can damage the reputation of the Company and its products, as well as expose it to claims by customers for damages and contractual penalties for delays and/or quality problems.
The Group may therefore have to invest significant resources to remedy such events, as well as interrupt, delay or stop the service.
To date no significant events such as to jeopardise relations with customers have occurred.

Financial Risks

Credit risk

The Group is not exposed to any concentrations of credit risk in the activities undertaken by its various business units.

Overall, trade and loan receivables show that credit risk is concentrated mainly in Italy and the European Union.
Financial assets are recognised net of impairment measured on the basis of counterparty risk, calculated considering available information on the customer's solvency and history.

Liquidity risk

The liquidity risk that the Group is exposed to may arise from difficulties in borrowing to support operations in a timely manner.

The cash flows, borrowing needs and liquidity of the Group's companies are centrally monitored or managed by the Group's Treasury, so as to ensure that financial resources be managed effectively and efficiently.

Currency risk and interest rate risk

The Group is exposed to market risks deriving from exchange rate fluctuations because it operates in an international context, conducting transactions with different currencies and interest rates.
The Group's exposure to the currency risk derives from the geographical distribution of the Group's software production operations compared to the geographical distribution of its end-markets.
The exposure to the interest rate risk derives from the need to finance its operations, as well as to invest cash on hand. Interest rate changes can positively or negatively affect the Group's results, indirectly influencing the costs and returns of borrowing and investment operations.
The Group regularly assesses its exposure to currency risk and interest rate risk and, if necessary, manages these risks with the use of financial derivatives, pursuant to its risk management policy.
According to it, the use of financial derivatives is limited to managing exposure to exchange rate and interest rate fluctuations related to future cash flows and assets and liabilities. Speculative transactions are not allowed.
In this regard, it should be noted that as at 31 March 2013, the company had an outstanding interest rate swap of a notional amount of € 1.8 million. It was entered into with a leading bank in order to fix the interest rate of a floating rate loan.

ASSETS

Intangible assets with an illimited useful life

(€)	31.12.2012			Variations in period					31.03.2013		
	Cost	Cumulative	Net value	Acquisitions/	Disposals	Altri	Amortizations	Total	Cost	Cumulative	Net value
Goodwill	14.462.527	676.766	15.139.294		0	(146.740)		(146.740)	14.315.787	676.766	14.992.554
Total intangible assets with a limited useful life	14.462.527	676.766	15.139.294	0	0	(146.740)	0	(146.740)	14.315.787	676.766	14.992.554

Intangible assets with a limited useful life

(€)	31.12.2012			Variations in period					31.03.2013		
	Cost	Cumulative amortization	Net value	Acquisitions/ capitalizations	Disposals	Other movements	Amortizations	Total	Cost	Cumulative amortization	Net value
Software licenses	2.420.745	(2.381.244)	39.501	585	(9.273)	0	(12.156)	(20.844)	2.412.055	(2.393.402)	18.653
Advance payments	10.913	(10.913)	0		0	0	0	0	10.913	(10.913)	0
Brands	27.002.785	(25.702.782)	1.300.003		0	0	(128.984)	(128.984)	27.002.785	(25.831.766)	1.171.019
R&D, advertising	2.022.235	(72.223)	1.950.012		0	0	(72.223)	(72.223)	2.022.237	(144.445)	1.877.792
Intellectual Property Quick	1.474.300	(36.856)	1.437.444		0	0	(36.857)	(36.857)	1.474.302	(73.712)	1.400.590
Total intangible assets with a limited useful life	32.930.978	(28.204.018)	4.726.960	585	(9.273)	0	(250.220)	(258.908)	32.922.292	(28.454.239)	4.468.054

Tangible assets

(€)	31.12.2012			Variations in period					31.03.2013		
	Cost	Cumulative amortization	Net value	Acquisitions/ capitalizations	Disposals	Other movements	Amortizations	Total	Cost	Cumulative amortization	Net value
Plants	3.794.763	(3.789.015)	5.748		(245)	0	(75)	(320)	3.794.516	(3.789.091)	5.425
Vehicles	583.680	(313.434)	270.246	1.044		0	(18.461)	(17.417)	584.724	(331.895)	252.829
Furniture & fittings	1.006.923	(838.167)	168.756	7.837		0	(18.245)	(10.408)	1.014.760	(856.412)	158.348
Electronic machines	3.068.341	(2.614.229)	454.112	43.493		0	(44.408)	(915)	3.111.834	(2.658.637)	453.197
Other tangible assets	1.766.139	(1.543.999)	222.139	12.163		0	(3.219)	8.944	1.778.302	(1.547.218)	231.083
Leasing assets	1.888.080	(1.854.799)	33.280		(5.546)	0		(5.546)	1.882.534	(1.854.799)	27.734
Total tangible assets	12.107.927	(10.953.642)	1.154.283	64.537	(5.791)	0	(84.408)	(25.662)	12.166.673	(11.038.049)	1.128.617

The following items are included in intangible assets:

- *Goodwill* includes goodwill arising from the acquisition of the business units "Program", "MSO Concept GmbH", and "BGM Solutions Limited", amounting to € 0.8 million, € 2.3 million, and € 1.6 million, respectively. The € 10.3 million difference relates to the goodwill arising from the Maple Lake acquisition, concluded in 2012. "Other changes" include exchange differences: goodwill, as all other items, was translated at the spot exchange rate as at 31 March 2013.

  In accordance with IASs/IFRSs, goodwill is not amortised, since it has an indefinite useful life, but tested for impairment.
- *Research and development costs* relate to expenses incurred for applied research and development of the TXT Perform product line. Such costs relate to clearly defined products that are certain to be produced. Such costs will certainly be offset with the revenues to be derived from such products in the future. The product is depreciated using the straight-line method over its useful life, that is the estimated period of time over which the asset will generate benefits.
- *Software licenses* include software licenses acquired mainly by the parent company for operating internal ERP systems.

Property, plant and equipment do not include plants, motor vehicles, furniture and fittings, electronic equipment, and leased equipment.

SHAREHOLDERS' EQUITY

The share capital of the Parent Company as at 31 March 2013 consists of 5,904,532 ordinary shares, par value €

0.50.
The reserves and retained earnings include the legal reserve for € 340,130 and the share premium reserve for € 15,280,603. The other reserves, amounting to € 1,708,009, include the merger reserve for € 1,911,444, the IAS (first-time application) reserve for € 118,679, the IRS fair value reserve for (€ 3,450), the translation reserve for (€ 266,949), and the reserve for actuarial differences on post-employment benefits for (€ 754,464). The stock option reserve, amounting to € 702,749, is detailed as follows:

- € 560,507 for the 2008 stock option plan.
- € 142,242 for the 2012 stock grant plan.

Here below is the consolidated statement of changes in equity:

	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 Year	Total Equity
Balances at 31/12/2012	2,883,466	340,130	15,280,603	1,911,444	140,666	663,956	(754,464)	(3,450)	(156,257)	719,785	5,137,933	26,163,812
Profit (Loss) at 31/12/2012										5,137,933	(5,137,933)	0
Stock option subscription	68,800		376,211									445,011
Provision for stock grant plan			149,324			38,794				(11,508)		176,610
Share buyback			(586,059)									(586,059)
Allocation of stock option reserve												0
Exchange differences					(21,987)				(110,692)			(132,679)
Profit (Loss) at 31/03/2013											926,884	926,884
Balances at 31/03/2013	2,952,266	340,130	15,220,079	1,911,444	118,679	702,750	(754,464)	(3,450)	(266,949)	5,846,210	926,884	26,993,579

INCOME STATEMENT

- Other revenues include € 225 thousand (€ 391 thousand as at 31 March 2012) in research grants from the EU and the Ministry of University for research projects.
- Overall, personnel costs amounted to 60.68% (60.30% as at 31 March 2012) as a percentage of the value of production. They comprise all expenses related to employees, including merit-based pay increases, promotions, automatic cost-of-living salary increases, the cost of unused leave, and provisions required by law and the national collective bargaining agreements.
- The relevant depreciation and amortisation have been calculated based on the useful life of the capitalised asset or cost and its use in production.
- The loss from financing activities (-€ 50k) essentially reflects interest expense on medium/long-term loans, capital charges, and exchange differences.

INTERCOMPANY RELATIONSHIPS WITH SUBSIDIARIES

EQUITY TRANSACTIONS	TXT UK	TXT FRANCE	TXT GERMANY	TXT SPAIN	MAPLE LAKE AUSTRALI	MAPLE LAKE CANADA	TXT HOLDING ONTARIO	Total
Current loans to the group	1,773,889							1,773,889
Non-current loans to the group					40,624	2,519,551		2,560,175
Group current trade receivables	72,599	653,464	316			16,318		742,697
Other short term receivables			3,516		38	1,654		5,208
Total	**1,846,488**	**653,464**	**3,832**		**40,662**	**2,537,522**		**5,081,969**
Group current trade payables	476	24,719	69,901			3,579	9,640	108,315
Short term loans to the group		1,000,132	2,675,000	354,579				4,029,711
Other current payables	274,785	233,731	46,388	47,446			75	602,424
Total	**275,261**	**1,258,582**	**2,791,289**	**402,025**		**3,579**	**9,714**	**4,740,449**

INCOME TRANSACTIONS	TXT UK	TXT FRANCE	TXT GERMANY	TXT SPAIN	Total
Revenues from license sales	90,406	22,299	10,000		122,705
Revenues from maintenance	119,848	103,992	18,388	19,418	261,646
Revenues from services	142,417	309,094	316	92,489	544,316
Revenues from expenses reinvoicing	22,075	26,160		10,970	59,205
Revenues	**374,745**	**461,545**	**28,704**	**122,877**	**987,871**
Costs for TXT maintenance			7,992		7,992
Costs for TXT professional services		20,942	21,638	6,777	49,358
Other TXT costs		3,777	5,888	580	10,244
Operating costs		**24,719**	**35,518**	**7,357**	**67,594**

TXT e-solutions S.p.A. Via Frigia, 27 - 20126 Milan (Italy) Tel. +39 02 25771.1 Fax +39 02 2578994 **www.txtgroup.com**
VAT No. 09768170152 Milan Economic and Administrative Register No. 1316895 Share capital: € 2.952.266 paid-in

Certification of the quarterly report pursuant to Article 81-*ter* of CONSOB Regulation no. 11971 of 14 May 1999 as subsequently amended and supplemented

- The undersigned Alvise Braga Illa as Chairman of the Board of Directors and Paolo Matarazzo as Manager responsible for preparing corporate accounting documents for TXT S.p.A. certify, also pursuant to Article 154-bis, Paragraphs 3 & 4 of Legislative Decree no. 58 dated 24 February 1998:

  - the adequacy, in relation to the company's characteristics, and

  - the effective application of the administrative and accounting procedures for the preparation of this quarterly report during 2013;

- The assessment of the adequacy of the administrative and accounting procedures for the preparation of the quarterly report as at 31 March 2013 is based on a process defined by TXT in line with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission which represents a reference framework that is generally accepted at an international level.

- It is also certified that the quarterly report as at 31 March 2013:

  - corresponds to the company's accounting books and records;

  - is prepared in compliance with the International Financial Reporting Standards adopted by the European Union as well as the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005 and, as far as we are aware, is suitable to present fairly the financial position, performance and cash flows of the issuer.

The Chairman of the Board of Directors
Alvise Braga Illa

Manager responsible for preparing corporate accounting documents
Paolo Matarazzo