TXT e-solutions Group

Half-yearly report

as at 30 June 2015

TXT e-solutions S.p.A.

Registered office, management, and administration:

Via Frigia, 27 – 20126 Milan - Italy

Share capital:

€ 6,503,125 fully paid-in

Tax code and Milan Business Register number: 09768170152

Corporate bodies

BOARD OF DIRECTORS

Members' term of office expires upon approval of the financial statements for the year ending 31 December 2016:

Alvise Braga Illa	Chairman	(1)
Marco Edoardo Guida	Chief Executive Officer	(2)
Fabienne Anne Dejean Schwalbe	Independent Director	(3)
Andrea Cencini	Director	(2)
Paolo Enrico Colombo	Director	(2)
Teresa Cristiana Naddeo	Independent Director	(3)
Stefania Saviolo	Independent Director	(3)

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

(2) Powers assigned: ordinary administration.

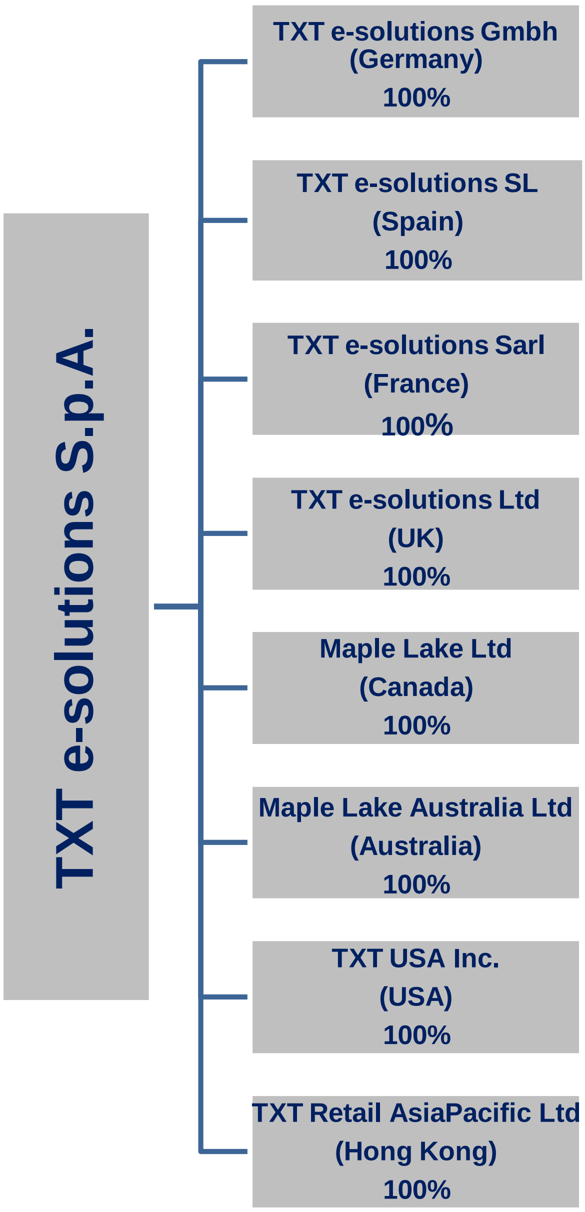
(3) Member of the Remuneration Committee and the Risks and Internal Controls Committee.

BOARD OF STATUTORY AUDITORS

Members' term of office expires upon approval of the financial statements for the year ending 31 December 2016:

Raffaele Valletta	Chairman
Luisa Cameretti	Standing Auditor
Fabio Maria Palmieri	Standing Auditor
Angelo Faccioli	Alternate Auditor
Pietro Antonio Grignani	Alternate Auditor
Laura Grimi	Alternate Auditor
EXTERNAL AUDITORS	Reconta Ernst & Young S.p.A.
INVESTOR RELATIONS	E-mail: infofinance@txtgroup.com
	Telephone: +39 02-257711

Organisational structure and scope of consolidation



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Key data and Directors' report on operations as at 30 June 2015

TXT e-solutions Group – Key data

INCOME DATA (€ thousand)	Q1 2015	%	Q1 2014 (1)	2014 non recurring	Q1 2014 "Normalized" (2)	%	Change % vs 2014	Change % vs 2014 "Normalized
REVENUES	**31,126**	**100.0**	**28,972**	**(1,468)**	**27,504**	**100.0**	**7.4**	**13.2**
of which:								
TXT Perform	18,808	60.4	18,109	(1,468)	16,641	60.5	3.9	13.0
TXT Next	12,318	39.6	10,863		10,863	39.5	13.4	13.4
EBITDA	**3,376**	**10.8**	**4,031**	**(1,061)**	**2,970**	**10.8**	**(16.2)**	**13.7**
Operating Profit (EBIT)	**2,857**	**9.2**	**3,388**	**(1,061)**	**2,327**	**8.5**	**(15.7)**	**22.8**
Net Profit	**2,340**	**7.5**	**2,657**	**(864)**	**1,793**	**6.5**	**(11.9)**	**30.5**

FINANCIAL DATA (€ thousand)	30.6.2015	31.12.2014	Change
Fixed assets	18,557	18,020	537
Net working capital	7,751	6,326	1,425
Severance & other non-current liabilities	(3,799)	(3,841)	42
Capital employed	**22,509**	**20,505**	**2,004**
Net Financial Position - Cash	9,463	8,465	998
Shareholder's equity	31,972	28,970	3,002

DATA PER SHARE (in €)	30.6.2015	30.6.2014 (3)	Change
Number of shares outstanding (3)	11,656,198	11,496,794	159,404
Operating profit per share (3)	0.20	0.23	(0.03)
Shareholder's equity per share (3)	2.74	2.77	(0.03)

ADDITIONAL INFORMATION	30.6.2015	31.12.2014 (3)	Change
Number of employees	665	569	96
TXT share price (3)	7.15	7.10	0.05

(1) Official Finance Reporting
(2) Income Statement H1 2014 includes non-recurring income of 1.468k€ and non-recurring costs of 407k€. In order to compare performance with current year, financial results as of 30.6.2014 have been "Normalized" excluding non-recurring Revenues and Costs. Taxes have been calculated pro-rata.

(3) The number of shares and the relevant 2014 prices were restated following the free share capital increase dated 28 May 2015, with the issue of one new share for every 10 shares issued, so as to allow comparison with 2015. Outstanding shares are equal to the shares issued less treasury shares.

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' reports on operations for the first half of 2015

Dear Shareholders,

In the first half of 2015, the Group saw significant growth in revenues in both divisions, and in investments in Research and Development and in North America and Europe to develop the Luxury and Fashion market for the TXT Perform software dealing with end-to-end solutions - from the collection to the shelf and to e-commerce as well - for leading international customers.

The results for the first half of 2014 included € 1.5 million in non-recurring income received as compensation from two of Maple Lake shares' sellers and non-recurring direct costs of € 0.4 million relating to two projects for customers. For the purpose of comparing the performance of operations 2015 with 2014, the "Normalized" results of the first half of 2014 are shown, which exclude non-recurring income and charges.

The performance of the first half of 2015 compared to 2014 was as follows:

- Revenues for the first half amounted to € 31.1 million (€ 29.0 million in the first half of 2014, which also included € 1.5 million in non-recurring income). Compared to the "Normalized" first half of 2014 (€ 27.5 million), growth was +13.5%. Revenues from licenses and maintenance amounted to € 8.4 million, equal to 27% of total revenues and up 36.6% compared to first half 2014.

- TXT Perform Division's revenues (60% of the Group's revenues) amounted to € 18.8 million (€ 18.1 million in the first half 2014). Growth on the "Normalized" first half 2014 (€ 16.6 million) came to +13.0%). TXT Next Division revenues (40% of the Group's revenues) amounted to € 10.9 million, up +13.4% over the previous year.

- International revenues amounted to € 17.5 million. International revenues were equal to 56% of the total, essentially attributable to the TXT Perform Division.

- The Gross Margin, net of direct costs, amounted to € 16.2 million (€ 15.5 million in the first half of 2014, which also included € 1.1 million in non-recurring income and charges). Compared to the "Normalized" first half of 2014 (€ 14.4 million), growth was 12.5%, with a margin of 52.2%, substantially in line with "Normalized" 2014.

- EBITDA increased by 13.7% from € 3.0 million ("Normalized" first half of 2014) to € 3.4 million, following significant investments in Research and Development (+14.1%) and commercial expenditure (+12.8%). As a percentage of revenues, it amounted to 10.8%, in line with "Normalized" 2014. EBITDA for the first half of 2014, amounting to € 4.0 million, included € 1.1 million in non-recurring income and charges.

- Earnings before taxes came to € 2.7 million (€ 3.3 million in the first half of 2014). The growth compared to the "Normalized" first half of 2014 (€ 2.2 million) was +24.6%, with percentage of revenues improving from 8.0% to 8.8% due to the reduction in amortization and depreciation and financial charges.

- Net profit came to €2.3 million (€ 2.7 million in the first half of 2014, which also included € 0.9 million in non-recurring charges). Growth compared to the “Normalized” first half of 2014 (€ 1.8 million) was +30.5%, with percentage of revenues improving from 6.5% to 7.5%. Taxes of € 0.4 million amounted to 15% of earnings before taxes.

- The Net Financial Position, equal to € 8.5 million as at 31 December 2014, increased to € 9.5 million as at 30 June 2015, mainly due to the positive cash flow generated in the half year. During the half year, a block of treasury shares was sold to the US fund Kabouter for € 3.2 million, dividends of € 2.7 million were paid, bonuses were paid to personnel for € 2.5 million and treasury shares were purchased on the market for € 0.5 million.

- Shareholders' Equity as at 30 June 2015 amounted to € 32.0 million, up € 3.0 million compared to the € 29.0 million as at 31 December 2014, mainly due to the net profit in the half year (€ 2.3 million) and exchange rate effects.

TXT’s results for first half 2015, compared with the previous year’s figures, are presented below:

€ thousand	Q1 2015	%	Q1 2014 (1)	2014 non-recurring	I SEM. 2014 "Normalized"(2)	%	Change % vs 2014	Change % vs 2014 "Normalized"
REVENUES	**31,126**	**100.0**	**28,972**	**(1,468)**	**27,504**	**100.0**	**7.4**	**13.2**
Direct costs	14,878	47.8	13,464	(407)	13,057	47.5	10.5	13.9
GROSS MARGIN	**16,248**	**52.2**	**15,508**	**(1,061)**	**14,447**	**52.5**	**4.8**	**12.5**
Research and Development costs	2,716	8.7	2,380		2,380	8.7	14.1	14.1
Commercial costs	6,392	20.5	5,666		5,666	20.6	12.8	12.8
General and Administrative costs	3,764	12.1	3,431		3,431	12.5	9.7	9.7
EBITDA	**3,376**	**10.8**	**4,031**	**(1,061)**	**2,970**	**10.8**	**(16.2)**	**13.7**
Amortization, depreciation	519	1.7	643		643	2.3	(19.3)	(19.3)
OPERATING PROFIT (EBIT)	**2,857**	**9.2**	**3,388**	**(1,061)**	**2,327**	**8.5**	**(15.7)**	**22.8**
Financial income (charges)	(112)	(0.4)	(124)		(124)	(0.5)	(9.7)	(9.7)
EARNINGS BEFORE TAXES (EBT)	**2,745**	**8.8**	**3,264**	**(1,061)**	**2,203**	**8.0**	**(15.9)**	**24.6**
Taxes	(405)	(1.3)	(607)	197	(410)	(1.5)	(33.3)	(1.1)
NET PROFIT	**2,340**	**7.5**	**2,657**	**(864)**	**1,793**	**6.5**	**(11.9)**	**30.5**

(1) Official Financial Reporting.

(2) Income Statement H1 2014 includes non-recurring income of 1.468k€ and non-recurring costs of 407k€. In order to compare performance with current year, financial results as of 30.6.2014 have been "Normalized" excluding non-recurring Revenues and Costs. Taxes have been calculated pro-rata.

REVENUES AND GROSS MARGINS

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

(€ thousand)	Q1 2015	%	Q1 2014 (1)	2014 non recurring	Q1 2014 "Normalized"(2)	%	Change % vs 2014	Change % vs 2014 "Normalized"
TXT PERFORM								
REVENUES	**18,808**	**100.0**	**18,109**	**(1,468)**	**16,641**	**100.0**	**3.9**	**13.0**
Licenses & maintenance	8,324	44.3	6,100		6,100	33.7	36.5	36.5
Projects and other income	10,484	55.7	12,009	(1,468)	10,541	66.3	(12.7)	(0.5)
DIRECT COSTS	6,707	35.7	6,782	(407)	6,375	37.5	(1.1)	5.2
GROSS MARGIN	**12,101**	**64.3**	**11,327**	**(1,061)**	**10,266**	**62.5**	**6.8**	**17.9**
TXT NEXT								
REVENUES	**12,318**	**100.0**	**10,863**		**10,863**	**100.0**	**13.4**	**13.4**
Licenses & maintenance	61	0.5	40		40	0.4	52.5	52.5
Projects and other income	12,257	99.5	10,823		10,823	99.6	13.2	13.2
DIRECT COSTS	8,171	66.3	6,682		6,682	61.5	22.3	22.3
GROSS MARGIN	**4,147**	**33.7**	**4,181**		**4,181**	**38.5**	**(0.8)**	**(0.8)**
TOTAL TXT								
REVEBUES	**31,126**	**100.0**	**28,972**	**(1,468)**	**27,504**	**100.0**	**7.4**	**13.2**
Licenses & maintenance	8,385	26.9	6,140		6,140	21.2	36.6	36.6
Projects and other income	22,741	73.1	22,832	(1,468)	21,364	78.8	(0.4)	6.4
DIRECT COSTS	14,878	47.8	13,464	(407)	13,057	46.5	10.5	13.9
GROSS MARGIN	**16,248**	**52.2**	**15,508**	**(1,061)**	**14,447**	**53.5**	**4.8**	**12.5**

(1) Official Finance Reporting

(2) Income Statement H1 2014 includes non-recurring income of 1.468k€ and non-recurring costs of 407k€. In order to compare performance with current year, financial results as of 30.6.2014 have been "Normalized" excluding non-recurring Revenues and Costs. Taxes have been calculated pro-rata.

<u>TXT Perform Division</u>

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 e-commerce – for business planning, sales budgeting, and effectively implementing business plans.

The TXT Perform Division recorded revenues of € 18,8 million in the first half 2015 (€ 18,1 million in the first half of 2014, which included € 1.5 million in non-recurring income as compensation from two of Maple Lake sellers). Compared to the "Normalized" first half of 2014 (€ 16.6 million), growth was +13.0%.

The Division's international revenues amounted to € 16.3 million, with a more than proportionate growth, as a result of the contribution from new customers in Germany and Asia. International revenues account for 87% of TXT Perform's total revenues.

Revenues from licences and maintenance amounted to € 8.3 million, up 36.5% compared to € 6.1 million in the first half 2014. Revenues from licenses and maintenance rose from 33.7% to 44.3% as a percentage of the Division's total revenues.

The Division's gross margin, net of direct costs, amounted to € 12.1 million (€ 11.3 million in the first half 2014, which also included the positive contribution of € 1.1 million in non-recurring income). Compared to the "Normalized" first half of 2014 (€ 10.3 million), growth was 17.9%, with a margin on revenues improving from 62.5% to 64.3%, due to the contribution of revenues from software.

During the first half 2015, TXT signed licence contracts with new customers or extended those with existing customers, including DFS (HK), Hanna Anderson (USA), Delta Galil (ISR), Swatch (CH), Moncler (I), Marni (I), Carpisa (I), Takko (D), Otto (D), Charles Voegele (D), Adidas (D), White Stuff (UK), Alinea (F) and Kenzo (F).

The activation of AgileFit End-to-End Retail solutions, begun in 2014, continued in the first half 2015. This is an exclusive, innovative and proprietary solution applied to Miroglio, Bata and Pandora's systems. AgileFit speeds up installation and return on investments for TXT Customers. About 40 customers, including Thirty-One Gifts (USA), Damartex (F), Lacoste (F), Fat Face (UK), Hamm Reno (D), Apollo Optik (D), Yamamay (I), Lavazza (I), Peek & Cloppenburg (D), La Halle (F) and Urban Outfitters (USA) implemented new TXT solutions. Furthermore, six projects were launched for Louis Vuitton (F) and a roll out plan for Europe, America and Asia was implemented for Burberry's (UK).

Customers of the Luxury, Fashion, and Retail sectors contributing to revenues in 2014 and 2015 numbered 350, with more than 100,000 points of sales and sales channels throughout the world. TXT Perform's potential market, in the geographical areas of Europe and North America, includes approximately 1,500 large Retailers.

On 14 May 2015, the affiliate TXT Retail AsiaPacific Ltd was incorporated in Hong Kong, aimed at developing and providing direct support to international customers of the Asia Pacific area. The new Hong Kong company, wholly-owned by TXT e-solutions, will lead TXT's growth in the large, dynamic Asia Pacific market, with local business managers, directly connected to the TXT Solution Center in Milan and TXT's international organisation in Europe, North America and Australia. A first licence agreement has been signed in the Asia Pacific area, for over € 1 million, to manage over forty Duty Free shops and shopping arcades of DFS in the leading airport and tourist hubs throughout the world.

During the half year, the partnership with Ebp Management Consulting - a global firm with extensive experience in retail - was announced. The agreement aims at supporting TXT's expansion in Asia. Ebp Management Consulting will join the TXT team in selling and implementing TXT Retail end-to-end planning solutions.

The 2015 TXT Thinking Retail conferences were held in Paris on 19 March 2015 and in New York on 7 May 2015. Retailers such as Adidas, Pandora, Sephora, Levi's, Tod's, Desigual, Coast Guard Exchange, Modell's Sporting Goods and Roots attended the event as examples of ideas and requirements with regard to end-to-end planning, with 150 leaders of international retail and planning professionals in attendance. The following key points emerged from these meetings:

- End-to-end planning of assortment, as defined by TXT, is destined to become the reference model: from the collection to the shop, from the physical channels to online, supported by simulation tools and just a click away.

- Rapid adoption, with "AgileFit" methods, enables quicker results than with traditional methods: less than 8 weeks to make a complex project of collections planning operational. Speed is essential in multi-channel retail.

- Tangible benefits thanks to the right technology and the appropriate processes, as reported by a well-known global retailer with a vast assortment of low and high-rotation products. Thanks to

TXT's restocking solution, operational since September 2014, the Group recorded the "best Christmas sales season of the last 15 years".

The Thinking Retail Summits of TXT establish new standards for retailers, increasingly seeking to discuss their views on key processes and technologies: a drive that arises from the development of e-commerce and the multi-channel system, which is now the new norm, and from the constantly evolving demand for value by consumers. These are the challenges faced by retailers of all kinds, throughout the world.

Planning must be end-to-end, integrative, collaborative and fast. The capacity to stock and quickly restock products and manage stock during the season in a reactive manner is a must in order to stay competitive and maintain the right margins through geography, sales channels and supply models.

TXT Next Division

Revenues for the TXT Next Division in the first half of 2015 amounted to € 12.3 million, up 13.4% compared to € 10.9 million in 2014, due to good sales results across all sectors in which the Division operates. The Division's revenues accounted for 40% of the Group's revenues.

The Division's gross margin, net of direct costs, remained substantially stable at € 4.1 million, equal to 33.7% of revenues, due to the increase in direct costs, pressures on the margins of several orders and costs for training new teams to support the significant rates of growth in the first half.

TXT Next offers a specialised and innovative portfolio of engineering and software services to leading European companies, particularly in the following sectors:
• Aerospace, Automotive & Rail;
• High Tech Manufacturing;
• Banking & Finance.

TXT Next stands out for its ability to design highly reliable advanced solutions with technology as a key business factor. It specialises in mission critical software and systems and embedded software as well as in software for training purposes based on simulations and virtual & augmented reality.

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 on our in-depth expertise in software planning and development. Furthermore, the Division has strategic partnerships with Microsoft, HP and IBM.

TXT GROUP'S REVENUES

Research and development costs in first half 2015 amounted to € 2.7 million, up 14.1% compared to € 2.4 million in the first half 2014, due to work on the new AgileFit, Cloud and Omnichannel solutions. As a percentage of revenues, they amounted to 8.7%, in line with the "Normalized" first half 2014.

Commercial costs amounted to € 6.4 million, increasing by +12.8% compared to the first half 2014 and aimed at bolstering the commercial network in North America and in Europe, as well as to the initiatives to promote TXT Perform products at the NRF events in New York and the Thinking Retail conferences in Paris and New York. Commercial costs amounted to 20.5% as a percentage of revenues.

General and administrative costs amounted to € 3.8 million, up 9.7% compared to € 3.4 million in the first half 2014. As a percentage of revenues, they declined from 12.5% to 12.1%.

Gross operating profit (EBITDA) amounted to € 3.4 million in the first half of 2015, up by 13.7% on the "Normalized" first half of 2014 (€ 3.0 million). As a percentage of revenues, it remained unchanged at 10.8%. EBITDA for the first half of 2014, amounting to € 4.0 million, also included € 1.1 million in non-recurring income and charges.

EBIT amounted to € 2.9 million (€ 3.4 million in the first half 2014, which also included € 1.1 million in non-recurring income). Compared to the "Normalized" first half of 2014 (€ 2.3 million), growth was +22.8%, also due to the decrease in amortisation of research and development costs capitalised in previous years. EBIT as a percentage of revenues came to 9.2%, compared to 8.5% in the "Normalized" first half 2014.

Earnings before taxes amounted to € 2.7 million, equal to 8.8% of revenues (€ 3.3 million in the first half 2014, which also included € 1.1 million in non-recurring income). Compared to the "Normalized" first half of 2014 (€ 2.2 million), growth was +24.6%.

Net profit, after taxes of € 0.4 million (15% of earnings before taxes) amounted to € 2.3 million (€ 2.7 million in the first half 2014, which also included € 0.9 million in non-recurring income). Compared to the "Normalized" first half of 2014 (€ 1.8 million), growth was 30.5%, with a margin on revenues improving from 6.5% to 7.5%.

CAPITAL EMPLOYED

At 30 June 2015, Capital Employed totalled € 22.5 million, compared to € 20.5 million at 31 December 2014, mainly due to the increase in net working capital (+€1.4 million) and in fixed assets (+€ 0.5 million).

The table below shows the details:

(€ thousand)	30 June 2015	30 June 2014	Change	30 June 2014
Intangible assets	15,414	15,079	335	15,217
Net property, plant and equipment	1,377	1,249	128	1,232
Other fixed assets	1,766	1,692	74	1,348
Fixed assets	**18,557**	**18,020**	**537**	**17,797**
Inventories	2,461	1,821	640	2,409
Trade receivables	21,008	18,571	2,437	19,155
Sundry receivables and other short-term assets	2,265	2,197	68	3,368
Trade payables	(1,687)	(1,540)	(147)	(1,971)
Tax payables	(1,337)	(1,117)	(220)	(1,138)
Sundry payables and other short-term liabilities	(14,959)	(13,606)	(1,353)	(14,964)
Net working capital	**7,751**	**6,326**	**1,425**	**6,859**
Post-employment benefits and other non-current liabilities	**(3,799)**	**(3,841)**	**42**	**(3,599)**
CAPITAL EMPLOYED	**22,509**	**20,505**	**2,004**	**21,057**
Group shareholders' equity	31,972	28,970	3,002	27,689
Net financial position (Cash)	(9,463)	(8,465)	(998)	(6,632)
CAPITAL EMPLOYED	**22,509**	**20,505**	**2,004**	**21,057**

Intangible assets increased by € 0.5 million compared with 31 December 2014. Intangible assets include the goodwill allocated to the subsidiaries in the United Kingdom and Canada and relating to the Maple Lake acquisition. The increase was due to appreciation of the exchange rates of the Pound Sterling and the Canadian Dollar against the Euro, which more than offset the amortisation of research and development costs, software intellectual property rights and the customer portfolio.

Property, plant and equipment amounted to € 1.4 million, up € 0.1 million compared to year-end 2014, due to investments made in servers and computers.

Other fixed assets amounted to € 1.8 million, essentially comprising deferred tax assets which increased by € 0.1 million compared to the end of 2014, upon their recognition.

Net working capital increased by € 1.4 million to € 7.8 million, due to the increase in trade receivables (+€ 2.4 million), as a result of growth in revenues in the half year. Sundry payables and other short-term liabilities increased by € 1.4 million due to allocations for employee leave.

Liabilities arising from post-employment benefits of Italian employees and other non-current liabilities remained substantially unchanged at € 3.8 million.

Consolidated Shareholders' Equity as at 30 June 2015 amounted to € 32.0 million, up € 3.0 million compared to the € 29.0 million as at 31 December 2014, due to the net profit in the half year (€ 2.3 million) and exchange rate effects. During the half year, a block of treasury shares was sold to the US fund Kabouter (€ 3.2 million), dividends of were paid (€ 2.7 million) and treasury shares were purchased on the market (€ 0.5 million).

The consolidated Net Financial Position as at 30 June 2015 was positive at € 9.5 million, a significant improvement over the € 8.5 million as at 31 December 2014, due to the positive cash flow generated during the half year, net of the increase in working capital relating to business development.

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 at 30 June 2015 is as follows:

(€ thousand)	30 June 2015	30 December 2014	Change	30 June 2014
Cash and bank assets	10,423	12,304	(1,881)	11,583
Short-term financial payables	(960)	(2,154)	1,194	(2,763)
Short-term financial resources	**9,463**	**10,150**	**(687)**	**8,820**
Payables due to banks with maturity beyond 12 months	-	(1,685)	1,685	(2,188)
Net Available Financial Resources	**9,463**	**8,465**	**998**	**6,632**

The Net Financial Position at 30 June 2015 is detailed as follows:

- Cash and bank assets of € 10.4 million: cash and bank assets of the Group were largely invested in euro-denominated short-term bank deposits, with the rest being held as cash for operating activities. This item also includes grants for research projects (€ 0.7 million) received by TXT as coordinator and lead manager; these amounts will be subsequently distributed to the other participating companies and the amounts were therefore recognised under short-term financial payables. The overall effect of these advances on net financial position is therefore neutral.

- The € 1.0 million in short-term financial payables consist of the financial payable for grants to be paid to research projects partners (€ 0.7 million) and payments due within 12 months for outstanding medium/long-term loans (€ 0.3 million).

Payables due to banks with maturity beyond 12 months decreased to zero due to early repayment of a medium-term loan stipulated at the end of 2012, the terms of which were no longer competitive in the new scenario of interest rate reduction.

Q2 2015 ANALYSIS

An analysis of the second quarter of 2015 is provided in the table below:

€ thousand	Q2 2015	%	Q2 2014 (1)	2014 non-recurring	Q2 2014 "Normalized"(2)	%	Var % vs 2014	Var % vs 2014 "Normalized"
REVENUES	**16,442**	**100.0**	**14,977**	**(1,468)**	**13,509**	**100.0**	**9.8**	**21.7**
Direct costs	7,770	47.3	6,857	(407)	6,450	47.7	13.3	20.5
GROSS MARGIN	**8,672**	**52.7**	**8,120**	**(1,061)**	**7,059**	**52.3**	**6.8**	**22.9**
Research and Development costs	1,354	8.2	1,148		1,148	8.5	17.9	17.9
Commercial costs	3,470	21.1	2,775		2,775	20.5	25.0	25.0
General and Administrative costs	1,963	11.9	1,687		1,687	12.5	16.4	16.4
EBITDA	**1,885**	**11.5**	**2,510**	**(1,061)**	**1,449**	**10.7**	**(24.9)**	**30.1**
Amortization, depreciation	266	1.6	333		333	2.5	(20.1)	(20.1)
OPERATING PROFIT (EBIT)	**1,619**	**9.8**	**2,177**	**(1,061)**	**1,116**	**8.3**	**(25.6)**	**45.1**
Financial income (charges)	(42)	(0.3)	(56)		(56)	(0.4)	(25.0)	(25.0)
EARNINGS BEFORE TAXES (EBT)	**1,577**	**9.6**	**2,121**	**(1,061)**	**1,060**	**7.8**	**(25.6)**	**48.8**
Taxes	(213)	(1.3)	(457)	197	(260)	(1.9)	(53.4)	(18.0)
NET PROFIT	**1,364**	**8.3**	**1,664**	**(864)**	**800**	**5.9**	**(18.0)**	**70.4**

(1) Official Financial Reporting.

(2) Income Statement Q2 2014 includes non-recurring income of 1.468k€ and non-recurring costs of 407k€. In order to compare performance with current year, financial results as of 30.6.2014 have been "Normalized" excluding non-recurring Revenues and Costs. Taxes have been calculated pro-rata on a half year basis.

The performance compared to the second quarter of the previous year was as follows:

- Net revenues amounted to € 16.4 million, up 21.7% over "Normalized" Q2 2014 (€ 13.5 million). Revenues for Q2 2014, amounting to € 15.0 million, included € 1.5 million in non-recurring income. Net of such income, revenues increased by 27.6% for the TXT Perform Division (€ 10.2 million) and 13.2% for the TXT Next Division (€ 6.2 million).
- The gross margin for Q2 2015 amounted to € 8.7 million, up by 22.9% on the "Normalized" Q2 of 2014 (€ 7.1 million). As a percentage of revenues, it improved from 52.3% to 52.7% due to the software component of revenues. The gross margin for Q2 2014, amounting to € 8.1 million, also included € 1.1 million in non-recurring income and charges.
- Operating profit (EBITDA) for Q2 2015 amounted to € 1.9 million, up by 30.1% on the "Normalized" Q2 2014 (€ 1.4 million). As a percentage of revenues, it amounted to 11.5%. EBITDA for Q2 2014, amounting to € 2.5 million, included € 1.1 million in non-recurring income and charges.
- Operating profit (EBIT) was € 1.6 million, compared to € 1.1 million in the "Normalized" Q2 2014, net of depreciation/amortisation of property, plant and equipment, R&D costs capitalised in previous years, intellectual property rights to software and of the customer portfolio deriving from the Maple Lake acquisition. EBITDA in the second quarter 2014 came to € 2.2 million.
- Net profit amounted to € 1.4 million, after tax charges of € 0.2 million. Compared to the "Normalized" Q2 2014 (€ 0.8 million), growth was +70.4%. Profit for Q2 2014, which also included non-recurring income, came to € 1.7 million (-18.0%).

EMPLOYEES

At 30 June 2015, the Group had 665 employees, compared to 569 at 31 December 2014, for an increase of 96 employees essentially in the TXT Next Division, given the growth in business volume and the hiring of recent graduates, subsidised by the changes in contract types introduced in Italy by the Jobs Act. Personnel costs amounted to € 20.7 million in the first half of 2015, compared to € 17.2 million in 2014.

As a result of the decrease in both purchases of external services and in other operating costs, total operating increased by 11.3%.

TXT SHARE PERFORMANCE AND TREASURY SHARES

On 20 May 2015, one new share for every 10 shares held was granted, following the free share capital increase resolved upon by the Shareholders' Meeting of 22 April 2015. In accordance with the adjustment made by Borsa Italiana, an adjustment factor of 0.9091x was applied to the 2014 and 2015 prices, so as to be consistent with current prices, which reflect the higher number of shares. Trade volumes were similarly adjusted, leaving the value of daily trades unchanged.

In the first six months of 2015, the share price of TXT e-solutions reached a high of € 9.36 (adjusted) on 27 March 2015 and a low of € 6.76 (adjusted) on 6 January 2015. At 30 June 2015, the share price was € 7.15.

Trade volumes in the first six months of 2015 recorded a daily average of 41,570 shares traded.

At 30 June 2015, treasury shares amounted to 1,286,767 (1,570,635 at 31 December 2014), accounting for 9.89% of shares outstanding, and were purchased at an average price of € 2.18 per share.

During the first half 2015, the Company purchased 65,822 treasury shares at an average price of € 7.45 and on 25 March 2015 it sold over 300,000 shares outside of the open markets (block trade) at € 9.93 per share, for a total of € 3.2 million. These were purchased by Kabouter Management LLC, an institutional investor based in Chicago (USA), specialised in small to mid-cap international companies, already shareholder of TXT with approximately 5% of share capital.

The Shareholders' Meeting held on 22 April 2015 renewed the authorisation to purchase treasury shares for a period of 18 months up to 20% of the share capital. According to the plan, the maximum payment must not be higher than the average of the official Stock Market prices in the three sessions prior to the purchase, plus 10%, and in any case it must not exceed € 25.00.

The Shareholders' Meeting examined and approved the 2014 financial statements and approved the distribution of a € 0.25 dividend per share, unchanged compared to the prior year. Dividends were paid on 20 May 2015 (ex-dividend date: 18 May 2015; record date: 19 May 2015). Total dividends amounted to € 2.7 million paid in relation to 10.7 million shares, excluding treasury shares held at that date.

The extraordinary Shareholders' Meeting approved a free share capital increase through the issue of one new share for every 10 shares held.

The new shares were be on 20 May 2015 (ex-dividend date 18 May 2015, coupon no. 8), using € 0.6 million in reserves.

On 5 May 2015, the Board of Directors unanimously co-opted Fabienne Anne Dejean Schwalbe as independent director of the Company, replacing Franco Cattaneo, whose resignation was received on 29 April 2015. This resolution was approved by the Board of Statutory Auditors. Ms. Fabienne Dejean Schwalbe graduated in 1985 with a Master's Degree from HEC Paris, with subsequent specialisations at the IMD Business School in Lausanne (2003) and Harvard Business School (2012). She gained key experience in the Media & Digital sectors, started in the United States, with growing responsibilities in the Bertelsmann Group in Paris, up to holding the position of CEO in the Bertelsmann Gruner+Jahr/Mondadori joint venture in Italy. She provides consulting on digital transformation of Media and Fashion companies in France and Italy.

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.

EVENTS AFTER THE REPORTING PERIOD AND OUTLOOK

The complex geopolitical situation did not prevent numerous customers of ours from reporting excellent results, both in the Fashion and Luxury sectors and in the sectors where TXT Next operates. The transformations under way are increasing the propensity of more dynamic companies invest in TXT products. As a result, the trading portfolio for new TXT licences and services improved further on all markets where we operate.

The Company will continue to invest in research and development, in expanding international sales and in searching for acquisition opportunities for the two divisions, while maintaining good income generation capacity. Therefore, the Company expects positive development of business in the quarter under way, though with due prudence as a result of the complexity of external situations.

Manager responsible for preparing corporate

accounting documents

Chairman of the Board of Directors

Paolo Matarazzo

Alvise Braga Illa

Milan, 4 August 2015

Condensed consolidated half-yearly financial statements as at 30 June 2015

Consolidated Balance Sheet

ASSETS	Notes	30 June 2015	Of which due from related parties	31 December 2014	Of which due from related parties
NON-CURRENT ASSETS					
Goodwill	6.1	13,607,235		12,993,445	
Intangible assets with a finite useful life	6.2	1,806,559		2,085,369	
Intangible assets		**15,413,794**	**-**	**15,078,814**	**-**
Property, plant and equipment	6.3	1,376,946		1,248,845	
Property, plant and equipment		**1,376,946**	**-**	**1,248,845**	**-**
Sundry receivables and other non-current assets	6.4	144,184		136,068	
Deferred tax assets	6.5	1,621,670		1,556,303	
Other non-current assets		**1,765,854**	**-**	**1,692,371**	**-**
TOTAL NON-CURRENT ASSETS		**18,556,594**	**-**	**18,020,030**	**-**
CURRENT ASSETS					
Period-end inventories	6.6	2,460,514		1,820,672	
Trade receivables	6.7	21,008,367		18,570,928	
Sundry receivables and other current assets	6.8	2,265,148		2,196,824	
Cash and cash equivalents	6.9	10,423,286		12,304,130	
TOTAL CURRENT ASSETS		**36,157,315**	**-**	**34,892,554**	**-**
TOTAL ASSETS		**54,713,909**	**-**	**52,912,584**	**-**

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	30 June 2015	Of which due from related parties	31 December 2014	Of which due from related parties
SHAREHOLDERS' EQUITY					
Share capital		6,503,125		5,911,932	
Reserves		15,716,975		12,867,534	
Retained earnings (accumulated losses)		7,412,155		6,018,431	
Profit (loss) for the period		2,339,787		4,172,380	
TOTAL SHAREHOLDERS' EQUITY	6.10	**31,972,042**	**-**	**28,970,277**	**-**
NON-CURRENT LIABILITIES					
Non-current financial liabilities	6.11	-		1,684,734	
Employee benefits expense	6.12	3,799,318		3,841,200	
Deferred tax provision	6.5	1,008,076		965,428	
TOTAL NON-CURRENT LIABILITIES		**4,807,394**	**-**	**6,491,362**	**-**
CURRENT LIABILITIES					
Current financial liabilities	6.13	960,694		2,153,926	
Trade payables	6.14	1,687,223		1,540,108	
Tax payables	6.15	327,792		150,971	
Sundry payables and other current liabilities	6.16	14,958,764	1,338,210	13,605,940	1,350,908
TOTAL CURRENT LIABILITIES		**17,934,473**	**1,338,210**	**17,450,945**	**1,350,908**
TOTAL LIABILITIES		**22,741,867**	**1,338,210**	**23,942,307**	**1,350,908**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**54,713,909**	**1,338,210**	**52,912,584**	**1,350,908**

Income Statement

	Notes	1st half of 2015	Of which due from related parties	1st half of 2014	Of which due from related parties
Revenues and other income		31,125,549		28,972,408	
TOTAL REVENUES AND OTHER INCOME	**7.1**	**31,125,549**		**28,972,408**	
Purchase of materials and external services	**7.2**	(6,099,884)	(307,516)	(6,701,861)	(294,282)
Personnel costs	**7.3**	(20,681,182)	(585,058)	(17,179,025)	(376,189)
Other operating costs	**7.4**	(968,088)		(1,060,747)	
Depreciation and amortisation/Impairment	**7.5**	(519,623)		(642,347)	
OPERATING PROFIT (LOSS)		**2,856,772**	**(892,574)**	**3,388,428**	**(670,471)**
Financial income	**7.6**	993,798		589,262	
Financial charges	**7.6**	(1,105,212)		(713,868)	
EARNINGS BEFORE TAXES		**2,745,358**	**(892,574)**	**3,263,822**	**(670,471)**
Income taxes	**7.7**	(405,571)		(606,444)	
NET PROFIT (LOSS) FROM OPERATIONS		**2,339,787**	**(892,574)**	**2,657,378**	**(670,471)**
EARNINGS PER SHARE	**8**	0.20		0.25	
DILUTED EARNINGS PER SHARE	**8**	0.20		0.24	

Consolidated Statement of Comprehensive Income

	1st half of 2015	1st half of 2014
NET PROFIT (LOSS) FOR THE PERIOD	**2,339,787**	**2,657,378**
Foreign currency translation differences - foreign operations	62,947	23,316
Net change in fair value of assets held for sale	-	-
Total items of other comprehensive income that will be subsequently reclassified to profit /(loss) for the period net of taxes	**62,947**	**23,316**
Defined benefit plans actuarial gains (losses)	55,285	(244,293)
Total items of other comprehensive income that will not be subsequently reclassified to profit /(loss) for the period net of taxes	**55,285**	**(244,293)**
Total profit/ (loss) of Comprehensive income net of taxes	**118,232**	**(220,977)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,458,019**	**2,436,401**

Statement of Cash Flows

	1st half of 2015	1st half of 2014
Net profit (loss) for the period	**2,339,787**	**2,657,378**
Non-monetary costs	42,558	-
Current tax	283,976	736,914
Change in deferred tax	(22,719)	(15,064)
Depreciation and amortisation, impairment and provisions	519,623	642,347
Cash flows from (used in) operating activities (before change in working capital)	**3,163,225**	**4,021,575**
(Increases)/decreases in trade receivables	(2,439,505)	(2,334,785)
(Increases)/decreases in inventories	(639,842)	(957,944)
Increases/(decreases) in trade payables	147,116	466,489
Increases/(decreases) in post-employment benefits	13,403	55,213
Increases/(decreases) in other assets and liabilities	1,169,228	15,684
Change in operating assets and liabilities	(1,749,600)	(2,755,343)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	**1,413,625**	**1,266,232**
Increases in property, plant and equipment	(399,302)	(347,416)
Increases in intangible assets	(10,104)	24,603
Increases in financial assets	-	(19,214)
Net cash flow from Maple Lake acquisition	-	-
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	**(409,406)**	**(342,027)**
Increases / (decreases) in financial payables	(2,877,966)	(1,260,354)
(Increases) / decreases in financial receivables	-	-
Distribution of dividends	(2,678,079)	(2,614,596)
Treasury share (buy-backs)/sales	2,668,948	(269,318)
Stock options exercise	-	-
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	**(2,887,097)**	**(4,144,268)**
INCREASES / (DECREASES) IN CASH AND CASH EQUIVALENTS	**(1,882,878)**	**(3,220,063)**
Effect of exchange rate changes on cash flows	2,034	(18,025)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**12,304,130**	**14,821,027**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**10,423,286**	**11,582,939**

Statement of Changes in Equity as at 30 June 2015

	Share Capital	Legal reserve	Share premium reserve	Merger surplus	First time adoption	Stock options	Actuarial differences on post-employment benefits	IRS fair value reserve	Translation reserve	Retained earnings (accumulated losses)	Profit (loss) for the period	Total Shareholders' Equity
Balances at 31 December 2014	**5,911,932**	**519,422**	**10,999,923**	**1,911,444**	**140,667**	**181,297**	**(1,014,033)**	**-**	**128,815**	**6,018,431**	**4,172,380**	**28,970,278**
Profit (loss) at 31 December 2014		100,578								4,071,803	(4,172,380)	-
Distribution of dividends										(2,678,079)		(2,678,079)
Free share capital increase	591,193		(591,193)									-
Treasury share (buy-backs)/sales			2,668,948									2,668,948
Post-employment benefits discounting							55,285					55,285
Exchange differences					62,947				552,878			615,824
Profit as at 30 June 2015											2,339,787	2,339,787
Balances as at 30 June 2015	**6,503,125**	**620,000**	**13,077,677**	**1,911,444**	**203,614**	**181,297**	**(958,748)**	**-**	**681,693**	**7,412,155**	**2,339,787**	**31,972,042**

	Share Capital	Legal reserve	Share premium reserve	Merger surplus	First time adoption	Stock options	Actuarial differences on post-employment benefits	IRS fair value reserve	Translation reserve	Retained earnings (accumulated losses)	Profit (loss) for the period	Total Shareholders' Equity
Balances at 31 December 2013	**5,911,932**	**443,000**	**11,595,783**	**1,911,444**	**140,667**	**741,805**	**(667,093)**	**-**	**(289,724)**	**3,506,897**	**4,642,043**	**27,936,754**
Profit (loss) at 31 December 2013		76,422								4,565,621	(4,642,043)	-
Distribution of dividends										(2,614,596)		(2,614,596)
Allocation to stock option plan						(560,508)				560,508		-
Treasury share buy-backs			(269,318)									(269,318)
Post-employment benefits discounting							(244,293)					(244,293)
Exchange differences									223,440			223,440
Profit (Loss) as at 30 June 2014											2,657,378	2,657,378
Balances as at 30 June 2014	**5,911,932**	**519,422**	**11,326,465**	**1,911,444**	**140,667**	**181,297**	**(911,386)**	**-**	**(66,284)**	**6,018,430**	**2,657,378**	**27,689,365**

NOTES TO THE FINANCIAL STATEMENTS

1. Group's structure and scope of consolidation

The Parent Company TXT e-solutions S.p.A. and its subsidiaries operate both in Italy and abroad in the IT sector, and provide software and service solutions in extremely dynamic markets that require advanced technological solutions.

The table below shows the companies included in the scope of consolidation under the line-by-line method at 30 June 2015:

Company name of the subsidiary	Currency	% of direct interest	Share Capital
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%	2,200,801
Maple Lake Pty Ltd	AUD	100%	112
TXT USA Inc.	USD	100%	1,000
TXT Retail AsiaPacific Ltd	HKD	100%	100,000

TXT e-solutions Group’s condensed consolidated half-yearly 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, TXT USA Inc. and TXT Retail AsiaPacific Ltd into Euro:

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

Currency	30 June 2015	30 June 2014
British Pound Sterling (GBP)	0.7324	0.8214
Canadian Dollar (CAD)	1.3772	1.5032
Australian Dollar (AUD)	1.4260	1.4987
USA Dollar (USD)	1.1158	1.3705
Hong Kong Dollar (HKD)	8.6521	10.6302

- Balance sheet (exchange rate at 30 June 2015 and 31 December 2014)

Currency	30 June 2015	30 June 2014
British Pound Sterling (GBP)	0.7114	0.7789
Canadian Dollar (CAD)	1.3839	1.4063
Australian Dollar (AUD)	1.455	1.4829
USA Dollar (USD)	1.1189	1.2141
Hong Kong Dollar (HKD)	8.674	9.417

2. Basis of preparation of the consolidated financial statements

The Group's consolidated annual financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union with Regulation (EC) no. 1606/2002. The half-yearly report herein was prepared, regarding both form and content, in accordance with the provisions contained in IAS 34 "Interim Reporting" and 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 IFRS Interpretations Committee, previously called Standing Interpretations Committee ("SIC").

The half-yearly report as at 30 June 2015 consists of the consolidated financial statements and the reclassified consolidated financial statements whose form and content are consistent with the financial statements for the year 2014. The condensed consolidated half-yearly financial statements do not therefore include all the information required for the annual financial statements and should be read together with the consolidated financial statements for the year ended 31 December 2014. They have been prepared based on accounting records at 30 June 2015 and on a going concern basis.

The accounting policies applied in preparing the financial statements, as well as the composition of, and changes in, individual items, are illustrated below.

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 4 August 2015.

3. New accounting standards and interpretations effective since 1 January 2015

The accounting standards adopted in preparing the condensed consolidated half-yearly financial statements are consistent with those used in preparing the consolidated financial statements as at 31 December 2014, except for the adoption of the new standards, amendments and interpretations effective since 1 January 2015.

The new standards and amendments effective since 1 January 2015 are listed below:

IFRIC 21 Levies
IFRIC 21 states that an entity recognises a liability only when the event to which payment is linked occurs, in accordance with the applicable law. For payments triggered only upon reaching of a specific minimum threshold, the liability is recognised only when that threshold is reached. Retrospective application is required for IFRIC 21. This interpretation had no impact on the Company, as in previous years, the recognition criteria envisaged by IAS 37 Provisions, Contingent Liabilities and Contingent Assets had been applied, and these comply with the provisions of IFRIC 21.

Annual Improvements to IFRS- 2011-2013 Cycle
These improvements took effect from 1 July 2014 and the Group applied them for the first time in these condensed consolidated half-yearly financial statements. These include:

IFRS 3 Business Combinations
The amendment applies prospectively and, for the purposes of exclusion from the scope of IFRS 3, clarifies that:
- Both joint ventures and joint arrangements fall outside the scope of IFRS 3.
- This exclusion from the scope applies only in the balance sheet records of the joint arrangement.

Good Group (International) Limited is not joint arrangement, and thus, this amendment is not relevant for the Group or its subsidiaries.

IFRS 13 Fair Value Measurement
The amendment applies prospectively and clarifies that the portfolio exception envisaged by IFRS 13 may be applied not only to financial assets and liabilities, but also to other contracts under the scope of IFRS 9 (or of IAS 39, depending on the case). The Group does not apply the portfolio exception envisaged by IFRS 13.

IAS 40 Investment Property
The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (for example: property, plant and machinery). The amendment applies prospectively and clarifies that in defining whether a transaction constitutes the purchase of an asset or a business combination, IFRS 3 must be used instead of the description of ancillary services in IAS 40. Thus, this amendment has no impact on the Group's accounting standards.

The Group did not opted for early application of new standards, interpretations, or amendments already issued but not yet effective.

4. Financial Risk Management

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

- Currency risk
- Interest rate risk
- Credit 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 2014, to which reference should be made.

5. Use of estimates

The preparation of the condensed consolidated half-yearly financial statements requires Management to make estimates and assumptions that affect the reported amounts of income, expenses, assets, and liabilities, as well as disclosures relating to contingent assets and liabilities at the reporting date. Should said estimates and assumptions, based on the best currently available measure, differ from actual circumstances, they shall be revised accordingly in the period said circumstances changed.

In particular, estimates are used to recognise provisions for bad debts, depreciation and amortisation, taxes, and allocations to provisions. Estimates and assumptions are reviewed on an ongoing basis and any changes are recognised in profit or loss.

In addition, some measurement processes, in particular the most complex ones such as determining any impairment of non-current assets, are generally fully completed only when preparing the annual report, when all the information that may be necessary is available, except in cases in which there are indicators of impairment which require an immediate measurement.

6. Balance sheet

6.1. Goodwill

Goodwill, referring entirely to the TXT Perform Cash Generating Unit (CGU), amounted to € 13,607,235 at 30 June 2015, up € 613,790 compared to 31 December 2014. The difference in the gross amount at 30 June 2015 compared to the end of 2014 can be attributed entirely to exchange differences on goodwill originally expressed in foreign currencies other than the Euro.

A breakdown of the item at 30 June 2015 and the comparison with 31 December 2014 are shown below:

Goodwill	Amount as at 30 June 2015	Amount at 31 December 2014
Program Acquisition	800,000	800,000
MSO Concept Acquisition	2,326,982	2,326,982
BGM Acquisition	1,929,883	1,762,638
Maple Lake Acquisition	8,550,370	8,103,825
TOTAL GOODWILL	**13,607,235**	**12,993,445**

The Group tests goodwill for impairment annually (as at 31 December) and when there is any indication that it may be impaired. The impairment test for goodwill and intangible assets with an indefinite useful life is based on the value-in-use calculation. The variables used to determine the recoverable amount of the various cash-generating units (CGUs) were illustrated in the consolidated financial statements as at 31 December 2014.

In reviewing its impairment indicators, the Group takes into consideration, among other factors, the ratio between its market capitalisation and its equity. As at 30 June 2015, the Group's market capitalisation was not lower than equity.

No recoverability test was conducted at 30 June 2015, since there was no indicator of impairment for the reported goodwill.

6.2. Intangible assets with a finite useful life

Intangible assets with a finite useful life amounted to € 1,806,559 at 30 June 2015, net of amortisation. The changes occurred during the period are reported below:

Intangible assets	Software licenses	Research and development	Intellectual Property	Customer Relationship	Other intangible assets	TOTAL
Balances at 31 December 2014	**18,624**	**268,130**	**655,756**	**1,142,584**	**275**	**2,085,369**
Acquisitions	10,098	-	-	-	6	10,104
Disposals	-	-	-	-	-	-
Amortization	(12,059)	(134,065)	(69,026)	(73,714)	50	(288,914)
Impairment	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-
Balances as at 30 June 2015	**16,663**	**134,065**	**586,730**	**1,068,870**	**231**	**1,806,559**

Balances at 31 December 2014						
Historical cost	1,288,184	2,579,685	966,375	1,474,298	485	6,309,027
Accumulated amortization and impairment	(1,269,560)	(2,311,555)	(310,619)	(331,714)	(210)	(4,223,658)
Net value	**18,624**	**268,130**	**655,756**	**1,142,584**	**275**	**2,085,369**

Balances as at 30 June 2015						
Historical cost	1,542,848	1,340,648	966,375	1,474,298	495	5,324,664
Accumulated amortization and impairment	(1,526,185)	(1,206,583)	(379,645)	(405,428)	(264)	(3,518,105)
Net value	**16,663**	**134,065**	**586,730**	**1,068,870**	**231**	**1,806,559**

The item is detailed as follows:

- Software licenses: these included software licenses acquired mainly by the Parent Company for operating in-house instruments and implementing TXT Perform's products. Investments in the period of € 10,098 referred to the purchase of software licenses.
- Research and development costs: these concerned 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 and will certainly be offset with the revenues to be derived from such products in the future. Amortisation takes place systematically on a straight-line basis over the product's useful life, that is the estimated period of time over which the asset will generate benefits.
- Intellectual Property and Customer Relationship: these intangible assets were acquired as part of the Maple Lake Group acquisition. The directors allocated these assets with the help of an independent expert. Intellectual Property represents the intellectual property rights over the "Quick" software, developed and owned by Maple Lake. The Maple Lake group companies' Customer Relationship was also considered in the allocation of the premium paid.

The negative change (€ 278,810) compared to the previous year was mainly attributable to the amortisation for the period.

6.3. Property, plant and equipment

Property, plant, and equipment at 30 June 2015 amounted to € 1,376,946, net of depreciation, rising € 128,101 in the period. The changes occurred during the period are reported below:

Property, plant and equipment	Plants	Vehicles	Furniture and fixtures	Electronic machinery	Other property, plant and equipment	TOTAL
Balances at 31 December 2014	**7,223**	**243,331**	**166,358**	**644,850**	**187,083**	**1,248,845**
Acquisitions	-	114,184	25,494	242,631	16,993	399,302
Disposals	-	(38,216)	(2,552)	(1,770)	20	(42,558)
Other changes	-	-	-	-	-	-
Depreciation	(914)	(36,907)	(24,122)	(130,582)	(36,118)	(228,643)
Impairment	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-
Balances as at 30 June 2015	**6,309**	**282,392**	**165,178**	**755,129**	**167,938**	**1,376,946**

Balances at 31 December 2014						
Historical cost	877,202	393,578	767,009	1,332,647	794,693	4,165,129
Accumulated depreciation and impairment	(869,979)	(150,247)	(600,651)	(687,797)	(607,610)	(2,916,284)
Net value	**7,223**	**243,331**	**166,358**	**644,850**	**187,083**	**1,248,845**

Balances as at 30 June 2015						
Historical cost	875,038	441,607	792,526	1,577,038	812,638	4,498,847
Accumulated depreciation and impairment	(868,729)	(159,215)	(627,348)	(821,909)	(644,700)	(3,121,901)
Net value	**6,309**	**282,392**	**165,178**	**755,129**	**167,938**	**1,376,946**

Investments in the "electronic machinery" category mainly refer to the purchase of computer systems and hardware to bolster productive capacity.

Increases in the "motor vehicles" category are the result of the German subsidiary's car fleet replacement programme.

6.4. Sundry receivables and other non-current assets

The item “Sundry receivables and other non-current assets” amounted to € 144,184 at 30 June 2015, compared to € 136,068 at 31 December 2014. Mainly unchanged from year-end 2014, this item includes security deposits paid by the Group companies as part of their operations and relating to car rentals and bids in public tenders.

6.5. Deferred tax assets / liabilities

The breakdown of deferred tax assets and liabilities at 30 June 2015, compared with the end of 2014, is shown below:

	Balance as at 30 June 2015	Balance at 31 December 2014	Change
Deferred tax assets	1,621,670	1,556,303	65,367
Deferred tax provision	(1,008,076)	(965,428)	(42,648)
Total	**613,594**	**590,875**	**22,719**

Deferred tax assets mainly refer to the recognition of prepaid taxes on previous tax losses, the temporary differences (deductible in future years) for which, based on company plans, recovery in the next few years is deemed to be reasonably certain.

The decision to recognise deferred tax assets for previous tax losses was made also following the changes in legislation (Italian Decree Law no. 98/2011) on the use of each tax period's losses without limitation in time and due to the Group’s positive outlook, and the positive results recorded in recent years. The recognition of deferred tax assets on the previous losses was based on company plans that consider future profitability and within the limits of the capacity to absorb previous losses in the next three years.

The deferred tax provision referred to the recognition of deferred tax for the assets acquired during 2012 as part of the Maple Lake business combination (Customer List and Intellectual Property).

6.6. Period-end inventories

Period-end inventories amounted to € 2,460,514 at 30 June 2015, up € 639,842 compared with the end of 2014.

The table below reports the breakdown of inventories of work-in-progress among the Group companies:

Company	30 June 2015	31 December 2014	Change
TXT e-solutions S.p.A.	2,172,667	1,628,920	543,747
TXT e-solutions S.a.r.l.	287,847	191,752	96,095
TOTAL	**2,460,514**	**1,820,672**	**639,842**

The increase in inventories can be attributed to the longer collection periods for the services rendered to customers compared with the end of the previous year and to the increase in turnover for the period.

6.7. Trade receivables

Trade receivables at 30 June 2015, net of the provision for bad debts, amounted to € 21,008,367, up € 2,437,439 compared with the end of 2014. The item is detailed in the table below:

Trade receivables	30 June 2015	31 December 2014	Change
Gross value	21,738,653	19,301,946	2,436,707
Provision for bad debts	(730,286)	(731,018)	732
Net value	**21,008,367**	**18,570,928**	**2,437,439**

The provision for bad debts changed as follows over the six months:

Provision for bad debts	30 June 2015
Opening amount	**(731,018)**
Allocation	-
Use	732
Closing amount	**(730,286)**

The breakdown of trade receivables into coming due and past due at 30 June 2015, compared with 31 December 2014, is shown below:

Due date	Total	Coming due	Past due	
			0 - 90 days	More than 90 days
30 June 2015	**21,008,367**	13,351,165	6,032,712	724,490
31 December 2014	**18,570,928**	11,964,808	5,637,422	968,698

The increase in trade receivables is due to the increase in turnover during the period, as well as to payment times. In particular, significant payments have been received by an important TXT e-solutions S.p.A.'s customer after 30 June 2015.

6.8. Sundry receivables and other current assets

The item "sundry receivables and other current assets", which included receivables for research grants, tax and other receivables, as well as accrued income and prepaid expenses, amounted to € 2,158,917 at 30 June 2015, compared to € 2,196,824 at 31 December 2014. The breakdown is shown below:

Sundry receivables and other current assets	30 June 2015	31 December 2014	Change
Receivables due from EU	1,101,405	1,048,505	52,901
Tax receivables	402,018	402,942	(924)
Other receivables	108,738	82,847	25,891
Accrued income and prepaid expenses	652,987	662,530	(9,543)
Total	**2,265,148**	**2,196,824**	**68,324**

The item "receivables due from EU" included receivables for research grants related to income, awarded to the Parent Company to support the research and development activities subject to specific grant competitions; such grants will be disbursed upon completion of the development stages for the projects concerned. Such receivables are essentially in line with figures at 31 December 2014.

Tax receivables, amounting to € 402,018, represent the receivables due from taxation authorities for withholding taxes paid on self-employment and employment income, bank interest income, and tax credits for post-employment benefits.

Other receivables amount to € 108,738 and include receivables due from employees for travel advances and meal vouchers (€ 101,388) and trade receivables for the residual portion.

Accrued income and prepaid expenses, amounting to € 652,987, consist of reversals of prepaid expenses that did not relate to the period.

6.9. Cash and cash equivalents

The Group's cash and cash equivalents amount to € 10,423,286, down € 1,880,844 compared with 31 December 2014. Please refer to the statement of cash flows for details about cash flow generation.

Cash and cash equivalents refer to ordinary current accounts held with Italian banks, amounting to € 8,756,987, as well as with foreign banks, totalling € 1,666,299. Cash and cash equivalents are not subject to any constraints, and there are no monetary or other types of restrictions on their transferability in Italy.

6.10. Shareholders' equity

The Company's share capital at 30 June 2015 consisted of 13,006,250 ordinary shares with a par value of € 0.5, totalling € 6,503,125 (at 31 December 2014: 11,823,864 shares with a par value of € 0.5, totalling € 5,911,932).

On 22 April 2015 the Shareholders' Meeting approved a resolution concerning a free share capital increase of 1,182,386 shares with a par value of € 0.5 each, cum dividend, for a total of € 591,193, assigning one new share for each 10 shares held. This transaction was executed on 20 May 2015 with ex-dividend date of 18 May 2015.

The reserves and retained earnings included the legal reserve (€ 620,000), the share premium reserve (€ 13,077,677), the merger surplus reserve (€ 1,911,444), the first-time adoption reserve (€ 203,614) the stock option/stock grant reserve (€ 181,297), the reserves for actuarial differences on post-employment benefits (negative to the tune of € 958,748), the reserves for retained earnings (€ 7,412,155), and the translation reserve (€ 681,693).

The stock option reserve is used to recognise the value of share-based payments due to employees, including the benefits for key management personnel settled with equity instruments, which form part of their remuneration.

That reserve amounted to €181,296 and related to the 2012-2016 stock grant plan.

The disclosures required by IFRS 2 on the stock grant plan 2012-2016 are reported below:

S.G. PLAN 2012-2016					
	Options	2012	2013	2014	2015
(I)	Outstanding at the beginning of the period	0	280,000	458,340	198,000
(II)	Granted during the period	280,000	378,000	0	0
(III)	Forfeited during the period	0	(143,660)	(248,000)	0
(IV)	Exercised during the period	0	(56,000)	(12,340)	0
(V)	Expired during the period	0	0		
(VI)	Outstanding at the end of the period	280,000	458,340	198,000	198,000
(VII)	Exercisable at the end of period	0	12,340	0	198,000

For further details and information, reference should be made to the Directors' report.

Here below is the table regarding the amounts of the reserves:

Description	Free	Required By Law	Required By By-Laws	Established by Shareholders' Meetings	TOTAL	Foreign	TOTAL
Share premium reserve	12,905,886	171,792	0	0	13,077,677	0	13,077,677
Legal reserve	0	620,000	0	0	620,000	0	620,000
Stock option reserve	0	0	0	181,297	181,297	0	181,297
Merger surplus	1,911,444	0	0	0	1,911,444	0	1,911,444
IRS fair value reserve	0	0	0	0	0	0	0
Reserve for retained earnings	0	0	0	473,095	473,095	7,200,752	7,673,847
Translation reserve						623,613	623,613
Reserve for actuarial differences on post-employment benefits	0	0	0	(916,668)	(916,668)	(42,080)	(958,748)
Total	**14,817,330**	**791,792**	**0**	**(262,276)**	**15,346,846**	**7,782,285**	**23,129,130**

Incentive plans

The Shareholders' Meeting held on 23 April 2012 approved a stock grant plan for the Group's executive directors and senior managers, involving up to 1,020,000 shares (510,000 shares prior to the free share capital increase) over five years with three-year vesting periods and performance conditions concerning growth, profitability and the net financial position. The performance conditions relate to one or more of the following indicators: Revenues, Gross Operating Profit (EBITDA), Operating Profit (EBIT), Earnings before taxes, Net Profit, Economic Value Added – EVA, TXT share performance in absolute terms and/or relative to the performance of the relevant stock market indices, and the Net Financial Position, as the Board of Directors shall decide upon each grant.

Each stock option grant will vest as follows:

- 20% upon satisfying the conditions for the first year of the plan;
- 30% upon satisfying the conditions for the second year of the plan;
- 50% upon satisfying the conditions for the third and final year of the plan.

The Board of Directors has established the obligation on the Recipients to hold a portion not lower than 30% of the shares granted to them for a period of three years from the grant date.

On 10 May 2012 the Board of Directors awarded the first tranche of 280,000 stock grants (originally 140,000, they doubled following the free share capital increase) which will vest upon satisfying the performance conditions for 2012, 2013 and 2014.

On 13 December 2012 the Board of Directors awarded the second tranche of 180,000 stock grants which will vest upon satisfying the performance conditions for 2013, 2014 and 2015.

Pursuant to the plan, the termination date for awarding of the stock grants expired on 30 June 2014.

The cost accrued in 2015 for the stock grants awarded amounts to zero, because, in spite of the positive results achieved, the objectives of the stock grant plan are not expected to be met.

Treasury shares

At 30 June 2014, the Company held 1,286,767 treasury shares (1,427,850 at 31 December 2014), equal to 9.89% of shares outstanding, amounting to € 2,800,323.64 (€ 4,058,666 at 31 December 2014), for a total par value of € 643,384 (€ 713,925 as at 31 December 2014) and a market value of € 9,200,384. The price of TXT stock as at 30 June 2015 was € 7.15 (€ 11,151,509 as at 31 December 2014, stock price € 7.81). Shares outstanding (issued) at 30 June 2015 numbered 13,006,250.

During Q2 2015, the Company purchased 65,822 treasury shares at an average price per share of € 7.45, for a total amount of € 490,299 (in Q2 2014, the Company purchased 30,650 treasury shares at an average price per share of € 8.79, for a total value of € 269,318).

On 25 March 2015, the Company sold 319,000 shares at an average price per share of € 9.93 for a total amount of € 3,167,670. These were purchased by Kabouter Management LLC, an institutional investor based in Chicago (USA), specialised in small to mid-cap international companies, already shareholder of TXT with approximately 5% of share capital. The shares sold had an average carrying amount (using the LIFO calculation method) of € 1,757,065.

The carrying amount per share was € 8.41, recorded by the Company for a total of € 105,406.

The buy-back of shares was authorised again by the Shareholders' Meeting of 22 April 2015. The plan provides for a maximum number of shares so as not to exceed the legal maximum number at the maximum price not exceeding the average of the official stock market prices in the three sessions prior to the purchase transaction, plus 10%, and in any case not more than € 25.00.

In order to maintain the necessary operational flexibility over a suitable time horizon, and considering that said authorisation expired on 21 October 2015, the Shareholders' Meeting renewed for an additional 18 months the authorisation to purchase and dispose of treasury shares through subsidiaries as well, simultaneously revoking the analogous authorisation of 22 April 2014 for the portion not yet executed.

6.11. Non-current financial liabilities

The item "non-current financial liabilities" amounted to € 0 (€ 1,684,733 at 31 December 2014).

The table below details the maturity of non-current financial liabilities, compared with the situation at the end of the prior year:

	30 June 2015	31 December 2014	Change
Maturity 1-2 years	-	915,586	(915,586)
Maturity 2-5 years	-	769,147	(769,147)
Total	**-**	**1,684,733**	**(1,684,733)**

The reduction on the previous year is the result of the repayments of portions made in the year, for an amount of € 115,586 and the early repayment of the mortgage disbursed in 2012 by BNL for the acquisition of Maple Lake.

6.12. Employee benefits expense

The item "Employee benefits expense" at 30 June 2015 amounted to € 3,799,318, of which € 3,504,214 relating to obligations to the employees of the Parent, both for defined-contribution and defined-benefit plans, € 295,104 relating to the pension fund for the management of the German subsidiary TXT e-solutions G.m.b.h., and the French subsidiary TXT e-solutions S.a.r.l.

The breakdown of, and changes in, this item over the period are presented below:

Employee benefits expense	31 December 2014	Provisions	Uses / Payments	Actuarial gains/losses and other	Financial income / charges	30 June 2014
Post-employment benefits	2,675,166	674,349	(706,886)	(69,312)	19,930	2,593,247
Provision for severance for end of term of office	872,217	38,750	-	-	-	910,967
Pension fund for management	293,817	8,480	-	(9,980)	2,787	295,104
Total non-current provisions relating to employees	**3,841,200**	**721,579**	**(706,886)**	**(79,292)**	**22,717**	**3,799,318**

To calculate the present value of post-employment benefits, the following assumptions regarding the future trends in the variables included in the algorithm have been used:

- The probability of death was estimated based on the census of the Italian population by age and gender taken in 2000 by ISTAT [Italy's National Institute for Statistics], reducing it by 20%.
- The probability of removal due to total and permanent disability of the employee, such as becoming disabled and leaving the company, was estimated based on disability tables currently used in the reinsurance sector, differentiated by age and gender.
- The retirement age of a generic worker was estimated assuming that the first retirement requirement for the purpose of obtaining the Mandatory General Insurance was satisfied and that the employees started paying into INPS [Italy's Social Security Institute] no later than 28 years of age. This measurement accounts for the changes to the retirement age introduced by the Monti reform in late 2011.
- As for the probability of termination of employment due to resignations and dismissals, as at the measurement date an annual 3% staff turnover rate was calculated.
- As for the probability of requests for advance payment of benefits, an annual 1.00% advance payment rate, with advance payments amounting to 70% of the post-employment benefits outstanding held with the company, was estimated.

Change in wages and salaries had no impact on the actuarial valuation. The estimated annual inflation rate in the actuarial valuation was 1.50%; the discount rate used was 1.44%, in line as of 30 June 2015 with bonds issued by European companies with AA rating for terms of 7 to 10 years.

6.13. Current financial liabilities

Current financial liabilities amounted to € 960,694 (€ 2,153,926 as at 31 December 2014) and included the short-term portion of medium/long-term loans, the short-term portion of loans from financial companies for leases, and the payables on research projects funded by the European Union. In particular:

- The short-term portion of medium/long-term loans amounted to € 230.028 (€ 1,234,182 as at 31 December 2014) and the short-term portion equals the total of the loan granted by the Ministry of Education (€ 434,182 as at 31 December 2014). In 2015 the other 2 loans granted by the Ministry of Education were extinguished due to reaching their natural expiry, while the loan disbursed in 2012 by BNL for the Maple Lake acquisition was subject to early repayment on 31 March 2015 in the entire residual amount of € 2,400,000;
- The payable regarding advances on research projects funded by the European Union received by TXT e-solutions S.p.A. as lead manager and to be reimbursed to the project partners amounted to € 711,357 (€ 874,306 as at 31 December 2014). This payable will be paid off in 2015;
- The negative fair value of € 8,168 for the forward sale of CAD 4,500,000 and the negative fair value of € 1,176 on the forward sale of USD 500, all contracts stipulated on 26 June 2015;
- The short-term portion of a loan obtained by a subsidiary amounting to € 9,965.

6.14. Trade payables

Trade payables amounted to € 1,687,223 as at 30 June 2015 and increased by € 147,115 compared to 31 December 2014. Payables due to suppliers are of a trade, non-interest bearing nature and are due within twelve months.

6.15. Tax payables

Tax payables totalled € 327,792 as at 30 June 2015 and refer to the Parent's IRAP (Regional Tax on Productive Activities) and IRES (Corporate Income Tax).

6.16. Sundry payables and other current liabilities

Sundry payables and other current liabilities amounted to € 14,852,533 as at 30 June 2015, compared with € 13,605,941 as at 31 December 2014, as shown in the table below:

Sundry payables and other current liabilities	30 June 2015	31 December 2014	Change
Other payables	1,923,928	2,231,884	(307,956)
Accrued expenses and deferred income	5,953,537	4,513,392	1,440,145
Advance payments for multi-year orders	1,064,934	1,117,762	(52,828)
Payables due to social security institutions	1,687,961	1,500,278	187,683
Payables due to employees and external staff	4,222,173	4,242,625	(20,452)
Sundry payables and other current liabilities	**14,852,533**	**13,605,941**	**1,246,592**

The item “Accrued expenses and deferred income” essentially referred to adjustments to maintenance and service invoices made to recognise only revenues for the period. The increase on the previous year is due to the advance billing of services rendered during the year.

The item “Payables due to employees and external staff” included payables for wages and salaries relating to June 2015 as well as payables due to employees for unused annual leave.

“Other payables” mainly included the payables due to taxation authorities for withholding taxes on salaries of employees and external staff, VAT payables, and payables on cost accounting of ongoing projects and funded research projects.

The item “Advance payments for multi-year orders” included the advance payments received from customers for orders currently being processed.

7. Income Statement

7.1. Total revenues and other income

Consolidated revenues and other income for the first half of 2015 amounted to € 31,125,549, up 7% compared with the prior-year period, as detailed below:

	30 June 2015	30 June 2014	Change	% change
Revenues	29,875,439	25,716,799	4,158,640	16%
Other income	1,250,110	3,255,609	(2,005,499)	>100%
Total	**31,125,549**	**28,972,408**	**2,153,141**	**7%**

The increase in revenues on the first half of the previous year is due to the higher turnover generated by the Group in the first six months of 2015.

Other income decreased by € 2,005,499, mainly due to the fact that in 2014 the half-year results included income of € 1,541,276 collected as compensation from two Maple Lake sellers which left the Group, in addition to higher grants for financing received from the EU.

For further details, reference should be made to the Directors' report on operations.

7.2. Purchase of materials and external services

Purchases of materials and external services for the first half of 2015 amounted to € 6,099,884, down from the first half of 2014, when they totalled € 6,701.861.

The item is detailed below:

	30 June 2015	30 June 2014	Change
Consumables and resale items	128,335	178,379	(50,044)
Technical consulting	1,824,783	2,699,927	(875,144)
Travel expenses	970,206	891,498	78,708
Utilities	316,890	295,344	21,546
Media & marketing services	631,331	660,117	(28,786)
Maintenance and repair	299,656	257,949	41,707
Canteen services and meal vouchers	251,369	234,214	17,155
Administrative and legal services	138,270	100,803	37,467
Directors' fees	311,873	294,282	17,591
Subcontractors	151,356	118,787	32,569
Others	1,075,815	970,562	105,253
Total	**6,099,884**	**6,701,861**	**(601,977)**

As a percentage of consolidated revenues, the costs for purchasing materials and services were lower than in the first six months of 2014, down from 23.13% to 19.60%. This was mainly due to lower costs of technical consulting (€ 875,144) as a result of the internal processing of previously outsourced activities.

7.3. Personnel costs

Personnel costs for the first six months of 2015 amounted to € 20,681,182, growing by € 3,502,157 (20.39%) compared with the first half of 2014.

This increase was mainly due to the expansion of the workforce due to business development and the hiring of personnel for service activities which were purchased outside the company in the previous year.

As at 30 June 2015, the TXT e-solutions Group had 665 employees, net of directors and external contractors, compared to 665 (569 as at 31 December 2014), for an increase of 96 employees essentially in the TXT Next Division, given the growth in business volume and the hiring of recent graduates, subsidised by the changes in contract types introduced in Italy by the Jobs Act.

The table below shows the breakdown of employees by level:

	White-collar staff	Middle managers	Executives and managers	Total
31 December 2014	491	56	22	569
30 June 2014	583	58	24	665

7.4. Other operating costs

The item “other operating costs” in the first half of 2015 amounted to € 968,088, down € 92,659 from the prior-year period.

This item mainly included expenses for rents, motor vehicle and other rentals, and sundry operating costs (including contingent liabilities and deductible taxes).

	30 June 2015	30 June 2014	Change
Other tax (other than income tax)	45,358	42,841	2,517
Fines and penalties	1,805	6,982	(5,177)
Magazine and subscription expenses	11,606	7,464	4,142
Contingent liabilities	36,133	166,620	(130,487)
Other expenses and extraordinary income adjustments	13,206	15,798	(2,592)
TXT costs for professional services	-	1,645	(1,645)
Rental expense for offices	549,238	522,098	27,140
Rental expense for servers	36,137	36,241	(104)
Rental expense for motor vehicles	259,925	251,655	8,270
Other rental expense	7,604	7,775	(171)
Other expense	7,076	1,628	5,448
Total	**968,088**	**1,060,747**	**(92,659)**

7.5. Depreciation, amortisation and impairment

Depreciation, amortisation and impairment as at 30 June 2015 amounted to € 519,623, down € 122,724 from the first half of 2014, due to lower amortisation of research and development costs, which will be fully amortised by the end of the year.

7.6. Financial income (charges)

At 30 June 2015, the company recognised financial charges amounting to € 111,413, compared with € 124,606 in financial charges in the first half of 2014.

7.7. Income taxes

Income taxes as at 30 June 2015 were positive to the tune of € 405,572, and are detailed as follows:

	30 June 2015	30 June 2014	Change
Total current tax	428,291	621,506	(193,215)
Total deferred tax	(22,719)	(15,063)	(7,656)
Total taxes	**405,572**	**606,443**	**(200,871)**

8. Segment disclosures

For operating purposes, the Group is organised into two Business Units based on the end-use of the products and services provided; the heading "Unallocated" includes the Corporate operating and financial amounts. The main operating and financial data broken down by business segment were as follows:

BALANCE SHEET BY BUSINESS UNIT AS AT 30 JUNE 2015

(€ thousand)	TXT Perform	TXT Next	Unallocated	TOTAL TXT
Intangible assets	15,408	7	0	15,414
Property, plant and equipment	832	545	0	1,377
Other fixed assets	1,205	790		1,995
FIXED ASSETS	**17,445**	**1,341**	**0**	**18,786**
Inventories	904	1,557	0	2,461
Trade receivables	13,567	7,441	0	21,008
Sundry receivables and other short-term assets	1,305	854	0	2,159
Trade payables	(998)	(689)	0	(1,687)
Tax payables	(1,075)	(491)	0	(1,566)
Sundry payables and other short-term liabilities	(8,787)	(6,066)	0	(14,853)
NET WORKING CAPITAL	**4,915**	**2,607**	**0**	**7,522**
POST-EMPLOYMENT BENEFITS AND OTHER NON-CURRENT LIABILITIES	**(2,248)**	**(1,551)**	**0**	**(3,799)**
CAPITAL EMPLOYED	**20,112**	**2,397**	**0**	**22,509**
Shareholders' equity			31,972	31,972
Net financial debt			(9,463)	(9,463)
CAPITAL EMPLOYED			**22,509**	**22,509**

BALANCE SHEET BY BUSINESS UNIT AS AT 31 DECEMBER 2014

(€ thousand)	TXT Perform	TXT Next	Unallocated	TOTAL TXT
Intangible assets	15,072	7	0	15,079
Property, plant and equipment	762	487	0	1,249
Other fixed assets	1,033	659		1,692
FIXED ASSETS	**16,866**	**1,154**	**0**	**18,020**
Inventories	68	1,889	0	1,821
Trade receivables	9,166	9,405	0	18,571
Sundry receivables and other short-term assets	1,341	856	0	2,197
Trade payables	(911)	(629)	0	(1,540)
Tax payables	(800)	(317)	0	(1,117)
Sundry payables and other short-term liabilities	(8,049)	(5,557)	0	(13,606)
NET WORKING CAPITAL	**678**	**5,648**	**0**	**6,326**
POST-EMPLOYMENT BENEFITS AND OTHER NON-CURRENT LIABILITIES	**(2,272)**	**(1,569)**	**0**	**(3,841)**
CAPITAL EMPLOYED	**15,272**	**5,233**	**0**	**20,505**
Shareholders' equity			28,970	28,970
Net financial position			(8,465)	(8,465)
CAPITAL EMPLOYED			**20,505**	**20,505**

INCOME STATEMENT BY BUSINESS UNIT AS AT 30 JUNE 2015

(€ thousand)	TXT Perform	TXT Next	Unallocated	TOTAL TXT
REVENUES	**18,808**	**12,318**	**0**	**31,126**
Licenses & maintenance	8,324	61	0	8,385
Services and other revenues	10,484	12,257	0	22,741
OPERATING COSTS:				
Direct costs	6,707	8,171	0	14,878
Research and development costs	2,079	637	0	2,716
Commercial costs	5,357	1,035	0	6,392
General and administrative costs	2,274	1,490	0	3,764
TOTAL OPERATING COSTS	**16,417**	**11,333**	**0**	**27,750**
EBITDA	**2,391**	**985**	**0**	**3,376**
Amortisation	290	0	0	290
Depreciation	138	90	0	229
OPERATING PROFIT (LOSS) [EBIT]	**1,962**	**895**	**0**	**2,857**
Financial income (charges)	77	35	0	(112)
EARNINGS BEFORE TAXES [EBT]	**1,885**	**860**	**0**	**2,745**
Taxes	**(278)**	**(127)**	**0**	(405)
NET PROFIT (LOSS) FOR THE PERIOD	**1,607**	**733**	**0**	**2,340**

INCOME STATEMENT BY BUSINESS UNIT AS AT 30 JUNE 2014

(€ thousand)	TXT Perform	TXT Next	Unallocated	TOTAL TXT
REVENUES	**18,109**	**10,863**	**0**	**28,972**
Licenses & maintenance	6,100	40	0	6,140
Services and other revenues	12,009	10,823	0	22,832
OPERATING COSTS:				
Direct costs	6,782	6,682	0	13,464
Research and development costs	1,547	833	0	2,380
Commercial costs	4,523	1,143	0	5,666
General and administrative costs	2,145	1,286	0	3,431
TOTAL OPERATING COSTS	**14,997**	**9,944**	**0**	**24,941**
EBITDA	**3,112**	**919**	**0**	**4,031**
Amortisation	413	0	0	413
Depreciation	143	86	0	229
OPERATING PROFIT (LOSS) [EBIT]	**2,556**	**833**	**0**	**3,389**
Financial income (charges)	94	31	0	(125)
EARNINGS BEFORE TAXES [EBT]	**2,462**	**802**	**0**	**3,264**
Taxes	**(458)**	**(149)**	**0**	(607)
NET PROFIT (LOSS) FROM OPERATIONS	**2,004**	**653**	**0**	**2,657**
Non-recurring profit (loss)			0	0
NET PROFIT (LOSS) FOR THE PERIOD	**2,004**	**653**	**0**	**2,657**

9. Seasonality of operating segments

The segments in which the TXT e-solutions Group operates are not subject to any seasonality as far as operations are concerned.

10. Transactions with related parties

Related parties are:

a) Entities that, directly or indirectly, even through subsidiaries, trustees or third parties:
   - Have control over TXT e-solutions S.p.A.
   - Are subsidiaries of TXT e-solutions S.p.A.
   - Are subject to joint control with TXT e-solutions S.p.A.
   - Have an interest in TXT e-solutions S.p.A. such as to exercise a significant influence.

b) Associates of TXT e-solutions S.p.A.

c) Joint ventures in which TXT e-solutions S.p.A. participates.

d) Managers with strategic responsibilities of TXT e-solutions S.p.A. or one of its parent companies.

e) Close members of the family of parties as per the above points a) and d).

f) Entities controlled or jointly controlled or subject to significant influence by one of the parties as per points d) and e), or in which said parties hold, directly or indirectly, a significant interest, in any case at least 20% of the voting rights.

g) An occupational, collective or individual pension fund, either Italian or foreign, set up for TXT e-solutions S.p.A.'s employees or any other related entity.

The following tables show the overall amounts of the transactions carried out with related parties:

Trade transactions

As at 30 June 2015	Receivables	Payables	Guarantees	Costs	Revenues
TXT e-solutions Sarl (France)	45,782	286,064	0	57,986	1,206,742
TXT e-solutions Gmbh (Germany)	2,353	55,274	0	263,560	711,218
TXT e-solutions SL (Spain)	35	48,483	0	42,946	81,133
TXT e-solutions Ltd (United Kingdom)	38,983	364,343	0	849,089	890,225
Maple Lake Australia Pty Ltd (Australia)	1,031	0	0	0	25,000
Maple Lake Ltd (Canada)	664,190	112,544	0	274	758,749
TXT USA Inc.	1,139	0	0	0	0
TXT Retail AsiaPacific Ltd	0	0	0	0	0
Directors and key management personnel	0	1,338,210	0	892,574	0
Total at 30 June 2015	**753,513**	**2,204,917**	**0**	**2,106,429**	**3,673,066**

As at 31 December 2014	Receivables	Payables	Guarantees	Costs	Revenues
TXT e-solutions Sarl (France)	116,520	134,803	0	125,398	3,003,610
TXT e-solutions Gmbh (Germany)	0	40,424	0	147,725	775,536
TXT e-solutions SL (Spain)	0	24,602	0	48,582	221,367
TXT e-solutions Ltd (United Kingdom)	349,762	461,296	0	1,026,686	1,790,498
Maple Lake Australia Pty Ltd (Australia)	21,645	0	0	0	47,000
Maple Lake Ltd (Canada)	899,127	139,190	0	2,914	1,064,124
TXT USA Inc.	624	0	0	0	0
TXT Retail AsiaPacific Ltd	0	0	0	0	0
Directors and key management personnel	0	1,350,908	0	1,430,793	0
Total at 31 December 2014	**1,387,678**	**2,151,222**	**0**	**2,782,099**	**6,902,135**

Financial transactions

As at 30 June 2015	Receivables	Payables	Guarantees	Charges	Income
TXT e-solutions Sarl (France)	0	1,327,989	0	18,673	1,500,000
TXT e-solutions Gmbh (Germany)	0	1,825,966	0	14,102	0
TXT e-solutions SL (Spain)	0	1,088,655	0	6,110	0
TXT e-solutions Ltd (United Kingdom)	0	129,323	0	1,419	0
Maple Lake Australia Pty Ltd (Australia)	0	0	0	0	1,031
Maple Lake Ltd (Canada)	3,250,782	0	0	0	38,035
TXT USA Inc.	250,246	0	0	0	1,139
TXT Retail AsiaPacific Ltd	3,885	11,298	0	0	0
Directors and key management personnel	0	0	0	0	0
Total at 30 June 2015	**3,504,913**	**4,383,231**	**0**	**40,304**	**1,540,206**

As at 31 December 2014	Receivables	Payables	Guarantees	Charges	Income
TXT e-solutions Sarl (France)	0	2,733,207	0	37,901	0
TXT e-solutions Gmbh (Germany)	0	1,639,713	0	29,690	0
TXT e-solutions SL (Spain)	0	897,118	0	11,461	0
TXT e-solutions Ltd (United Kingdom)	10	128,386	0	289	7,781
Maple Lake Australia Pty Ltd (Australia)	128,127	0	0	0	3,281
Maple Lake Ltd (Canada)	2,911,973	0	0	0	65,189
TXT USA Inc.	107,075	0	0	0	612
TXT Retail AsiaPacific Ltd	0	0	0	0	0
Directors and key management personnel	0	0	0	0	0
Total at 31 December 2014	**3,147,186**	**5,398,425**	**0**	**79,340**	**76,863**

11. Net financial position

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 at 30 June 2015 is as follows:

(€ thousand)	30 June 2015	30 December 2014	Change	30 June 2014
Cash and bank assets	10,423	12,304	(1,881)	11,583
Short-term financial payables	(960)	(2,154)	1,194	(2,763)
Short-term financial resources	**9,463**	**10,150**	**(687)**	**8,820**
Payables due to banks with maturity beyond 12 months	-	(1,685)	1,685	(2,188)
Net Available Financial Resources	**9,463**	**8,465**	**998**	**6,632**

12. Subsequent events

There were no significant events after 30 June 2015.

13. Certification of the condensed consolidated half-yearly financial statements

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 and 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 the condensed consolidated half-yearly financial statements as at 30 June 2015.

The assessment of the adequacy of the administrative and accounting procedures for the preparation of the condensed consolidated half-yearly financial statements as at 30 June 2015 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.

We also certify that the condensed consolidated half-yearly financial statements as at 30 June 2015:

- correspond to the accounting books and records;
- are prepared in compliance with the International Financial Reporting Standards endorsed by the European Union as well as with the implementing measures for Article 9 of Legislative Decree no. 38/2005;
- are suitable to provide a true and fair view of the financial position, performance and cash flows of the issuer.

The half-yearly report on operations includes a reliable analysis of the important events occurred in the first six months of the year and how they affected the condensed half-yearly financial statements, as well as the description of the main risks and uncertainties for the remaining six months. The half-yearly report on operations also includes a reliable analysis of the information on significant transactions with related parties.

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

Milan, 4 August 2015