

# INTEK GROUP

## INTERMEDIATE REPORT ON OPERATIONS

**AS AT 31 MARCH 2013**

**(1st QUARTER 2013)**

Board of Directors  
of 14 May, 2013

INTEK GROUP S.p.A.  
Legal and Administrative Office:  
20121 Milan - Foro Buonaparte, 44  
Paid-up share capital € 314,225,009.80  
Tax Code and Business Register  
of Milan no. 00931330583  
[www.itkgroup.it](http://www.itkgroup.it)

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# **INTEK Group S.p.A.**

## **Board of Directors**

**Chairman**

Vincenzo Manes<sup>B</sup>

**Deputy Chairwoman**

Diva Moriani<sup>B</sup>

**Board Secretary**

Mario d'Urso<sup>A,C,D</sup>

Marcello Gallo

Giuseppe Lignana<sup>A,C,D</sup>

Gian Carlo Losi (\*)

Duncan James Macdonald (\*\*)

Alberto Pirelli<sup>A,C,D</sup>

Luca Ricciardi (\*\*)

Franco Spalla (\*\*)

A. Independent director

B. Executive director

C. Member of the Remuneration Committee (Alberto Pirelli, Chairman)

D. Member of the Internal Control and Risk Committee (Mario d'Urso, Chairman)

## **Board of Statutory Auditors**

**Chairman**

Marco Lombardi

**Statutory Auditors**

Francesca Marchetti

Alberto Villani (\*\*\*)

**Alternate Auditors**

Lorenzo Boni

Andrea Zonca (\*\*\*)

## **Financial Reporting Manager**

Marco Miniati

## **Independent auditors**

KPMG S.p.A.

## **Common Representative of Saving Shareholders**

Pietro Greco

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(\*) *The Director Gian Carlo Losi resigned this past 9<sup>th</sup> of May .*

(\*\*) *On 30 April 2013, the ordinary shareholders' meeting integrated the composition of the Board of Directors appointing Mr. James Macdonald and Mr. Franco Spalla. That same Shareholders' Meetings also appointed the director of the SFP category in the person of the Mr. Luca Ricciardi.*

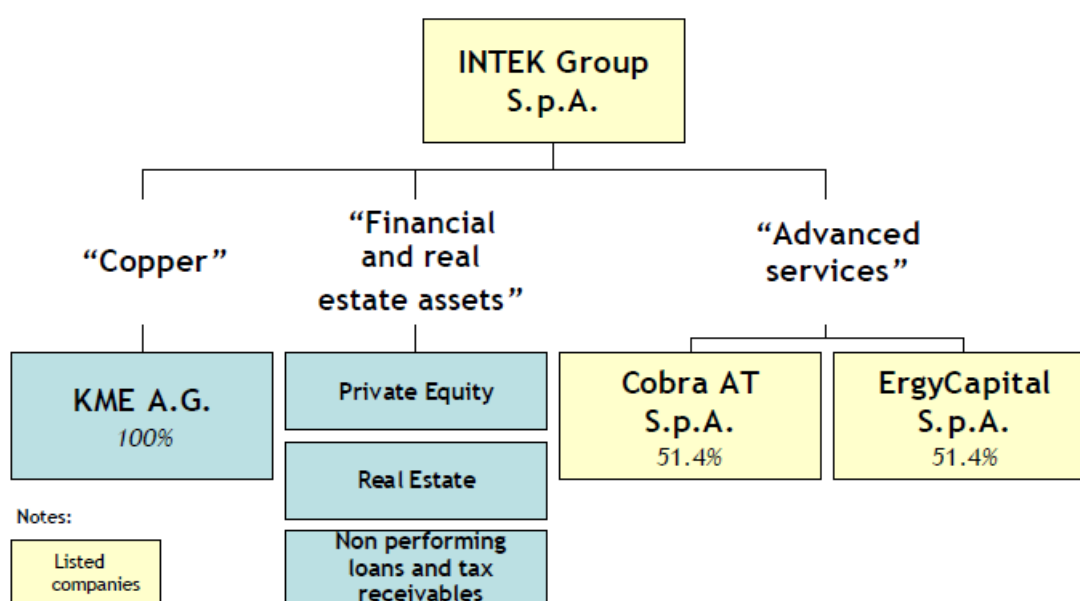
(\*\*\*) *On 30 April 2013, the ordinary Shareholder's meeting integrated the Board of Statutory Auditors with the appointment of the Statutory Auditor Alberto Villani and of the Alternate Auditor Andrea Zonca.*

## Intermediate Report on Operations for the first quarter 2013

Before beginning to illustrate the results of operations, we note, in synthesis, the Group's corporate structure, updated as of the date of this Report, indicating INTEK Group S.p.A.'s sectors of investment.

As you know, on 30 November 2012, Intek S.p.A. was merged in KME Group S.p.A. (which at the same time had transformed its company name into INTEK Group S.p.A.) concentrating the two companies' structures and businesses holdings into a single holding – parent company.

### *Summary of the Group's corporate structure*



The **investment sectors** of INTEK Group S.p.A. (hereafter the "INTEK Group" or the "Company") are: the traditional one of "**copper**", which includes the production and marketing of copper and copper-alloy semi-finished products by German subsidiary KME A.G., which continues to be the Group's industrial core business; the sector of "**financial and real estate assets**" which includes the private equity business, which is mainly carried out through the closed investment fund I2 Capital Partners, and the management of receivables and real estate assets; the sector of "**advanced services**" which includes investment in integrated "services" in the field of managing the risk associated with the possession and use of vehicles, which is run by Cobra A.T. S.p.A., a company based in Varese, listed on the Italian Electronic Stock Exchange (MTA) and that in "energy from renewable sources" and in energy saving handled by ErgyCapital S.p.A., a Rome-based investment company which is listed on the MTA.

In the new configuration, the INTEK Group sees itself as a holding of diversified interests, having the objective of managing portfolio shareholdings and assets, oriented from a dynamic

entrepreneurial perspective focused on cash generation and on the growth in the value of investments over time, even through the disposal of the assets functional to the new development strategies.

### ***The parent INTEK Group S.p.A.***

The configuration adopted by the Company, on the outcome of the merger reminded above, as a holding company for diversified investments, will increasingly lead the separate financial statements of the Parent company to represent more effectively the equity-financial structure and the effective income performance of the new entity.

The INTEK Group makes investments with medium-long term time horizons combining its entrepreneurial perspective with a solid financial structure and seeks to redefine a flexible portfolio with smaller investment cycles and more rapid cash generation.

Maximisation of the value of the assets managed will be achieved by carefully defining business strategies and control of the subsidiaries, identification of agreements and/or partnership opportunities, the valorisation of specific assets and the management of extraordinary operations for subsidiaries.

As at 31 March 2013, the **company's Book value of Investments** amounted to Euro 511.9 million, with a **net financial debt** of Euro 76.9 million that includes debt instruments amounting to Euro 60.3 million, with the corresponding interest, issued on the occasion of the public exchange offers (hereafter also "OPS") of July/August of this past year, that, within the purview of structured company re-organisation project, preceded the merger.

The main assets and equity data of the INTEK Group can be summarised as follows:

<i>Euro/000</i>	<b>31 Mar 2013</b>		<b>31 Dec. 2012</b>	
<b>"Copper" sector</b>	<b>382,495</b>	<b>74.73%</b>	<b>381,651</b>	<b>73.41%</b>
<b>"Financial and real estate assets" sector</b>				
<i>Private Equity</i>	13,020		19,655	
<i>Non operating assets</i>	21,109		24,302	
<i>Real Estate/Others</i>	28,143		27,947	
<b>Total</b>	<b>62,272</b>	<b>12.17%</b>	<b>71,904</b>	<b>13.83%</b>
<b>"Advanced Services" sector</b>	<b>62,044</b>	<b>12.12%</b>	<b>62,073</b>	<b>11.94%</b>
Other non-current assets/liabilities	5,051	<b>0.99%</b>	4,271	<b>0.82%</b>
<b>Carrying amount of investments</b>	<b>511,862</b>	<b>100.00%</b>	<b>519,899</b>	<b>100.00%</b>
Reclassified net financial debt (net of securities issued)	(16,635)		(24,853)	
Intek Group S.p.A. financial instruments 8% 2012 – 2017	(49,094)		(48,072)	
Intek Group S.p.A. bonds 8% 2012 -2017	(11,210)		(10,966)	
<b>Reclassified net financial debt</b>	<b>(76,939)</b>	<b>-15.03%</b>	<b>(83,891)</b>	<b>-16.14%</b>
<b>Total equity</b>	<b>434,923</b>	<b>84.97%</b>	<b>436,008</b>	<b>83.86%</b>

The transfer of the copper sector loans from the parent company to KME AG, a sub-holding of the copper sector was completed during the first months of 2013. This also led to the transfer of the receivables vis-à-vis KME AG and other operational companies of the copper sector that also resulted in relation to the equity investment disposals of the copper sector that took place during 2012. The indebtedness of the parent company, which remained the guarantor of the transferred loans, is composed only of holdings and can be analysed as follows:

<i>Euro/000</i>	<b>31 Mar. 2013</b>	<b>31 Dec. 2012</b>
<ul style="list-style-type: none"> <li>▪ Cash and cash equivalents</li> <li>▪ Other financial assets</li> <li>▪ Current financial receivables to subsidiaries</li> <li>▪ Current receivables for indemnities due from subsidiaries</li> </ul>	(10,536) (448) (15,125) (2,324)	(10,576) (439) (38,454) (5,152)
<b>Net financial assets</b>	<b>(28,433)</b>	<b>(54,621)</b>
<ul style="list-style-type: none"> <li>▪ Short-term financial payables</li> <li>▪ Financial payables due to subsidiaries</li> </ul>	27,602 17,067	50,720 15,021
<b>Short-term financial payables</b>	<b>44,669</b>	<b>65,741</b>
<b>Short-term net financial position</b>	<b>16,236</b>	<b>11,120</b>
<ul style="list-style-type: none"> <li>▪ Long-term financial payables</li> <li>▪ Intek Group financial instruments 2012 – 2017</li> <li>▪ Intek Group bonds 2012 – 2017</li> </ul>	13,785 46,534 10,614	57,770 46,472 10,594
<b>Medium to long term financial payables</b>	<b>70,933</b>	<b>114,836</b>
<b>Net financial position</b>	<b>87,169</b>	<b>125,956</b>
<ul style="list-style-type: none"> <li>▪ Non-current receivables for financial guarantees due from subsidiaries</li> <li>▪ Non-current financial receivables due from subsidiaries</li> <li>▪ Non-current financial receivables due from banks</li> </ul>	(4,875) (4,683) (672)	(3,084) (34,585) (4,396)
<b>Reclassified net financial position</b>	<b>76,939</b>	<b>83,891</b>

The net financial position benefited from the allotment of Euro 7 million from the I2 Capital Partners fund resulting from the disposal of the shareholding in Franco Vago.

A Euro 5 million portion of the GE Capital loan originating from the merged entity Intek was repaid in March.

**Shareholders' equity** per share is equal to Euro 1.10.

The **Share Capital** as at 31 March 2013 is Euro 314,225,009.80 subdivided into 345,506,670 ordinary shares and into 50,109,818 savings shares. The shares do not indicate the nominal value. There were no changes with respect to 31 December 2012.

As of this reporting date, the Company holds 6,230,691 ordinary treasury shares (equal to 1.80% of this category's shares) and 978,543 savings treasury shares (equal to 1.952% of the category's share capital). All the treasury shares were acquired after the withdrawal authorised by the merged entity Intek as a result of the amendments to the corporate purpose.

In addition, it is noted that the 100% owned subsidiary KME Partecipazioni S.p.A. holds 2,512,024 INTEK Group savings shares, 5.013% of the relevant share capital.

The general shareholders meeting, held on 30 April last, resolved to authorise the acquisition, for a period of 18 months, and to the disposal of savings and/or ordinary treasury shares.

The **Income statement** shown below has been reclassified by presenting non-recurring income/ (expense) as a separate line item.

The holding's **Profit from ordinary operations**, before taxes is negative by Euro 1.1 million, predominantly due to the impact of the financial charges.

<i>Euro/000</i>	<b>1st quarter 2013</b>	<b>1st quarter 2012</b>
Service income	67	710
Net operating costs	(788)	(1,423)
Stock option costs	(41)	(105)
Net financial income /(charges)	(367)	1,178
<b>Profit from ordinary activities</b>	<b>(1,129)</b>	<b>360</b>
Non-recurring income (expenses)	-	-
<b>Profit (loss) before taxes</b>	<b>(1,129)</b>	<b>360</b>
Taxes of the year	-	-
<b>Net Profit for the year</b>	<b>(1,129)</b>	<b>360</b>

The Company's income statement for the first quarter of 2013 is of little significance, limiting itself to recording the interim development of the operating costs as well as the financial charges on the net debt and the ordinary financial income, primarily associated with commissions earned on guarantees made on behalf of subsidiaries.

During the period in consideration, in fact, no significant asset-disinvestment transactions were carried out and no dividends were collected from the portfolio companies; for

performance and business forecasts on said companies in the next few months, refer to the information illustrated in the following pages.

## ***Performance in the various investment sectors***

### **“Copper” sector**

The economic activity in the first months of this year showed signs of recovery in the United States and in certain emerging economies, whereas in Europe, an area where the Group has a greater presence, it essentially stabilised at the low levels recorded at the end of 2012; the domestic demand, both that from consumers and that from investments, continues to remain weak even in the countries not hit by the tension regarding government debt, such as Germany.

The short-term outlook remains uncertain due to the persistence of the drop in disposable income of households in real terms and, in certain countries, to difficulties obtaining credit; obviously, in addition to the vast margins of companies' unused industrial capacity that depresses the demand for fixed investments.

The prolonged recession in many European economies is continuing to affect the demand for copper and copper-alloy semi-finished products. The difficult macroeconomic scenario in recent years drove the operational units of the sector that report to the German subsidiary KME A.G., towards a radical rationalisation activity with the purpose of raising their level of previous competitiveness to continue on the path of improving operational results as soon as a more favourable situation is restored in the various reference markets.

The sector's new 2013-2017 business plan, approved by the Board of Directors' meeting of 27 March last, also confirms the strategic approach that seeks a greater focus on the businesses managed and a drastic reduction of the development costs; the objective is to eliminate non-core activities, too small and non competitive, to reduce the complexity limiting the dimensions and favouring cash generation, resorting to solutions, including through agreements or partnerships, for the development of those sectors unable to express an acceptable return on the resources employed.

The agreement reached with the Chinese company Golden Dragon Precise Copper Tube Group Inc., having the purpose of creating a joint venture in the area of connectors, particular types of copper alloy laminates used for electrical-cable connections, is significant under this latter profile. This agreement calls for the contribution in the business combination, on the part of the KME Group, of a German plant and its know-how in the sector and, on the part of the Chinese entrepreneur, of the financial resources necessary to cover the capital expenditures relative to the construction of a new production facility in the Henan Province. It is expected that the overall value of the assets provided by the two partners in project may amount to around Euro 150 million. The execution of this operation depends on the issuance of the necessary permits on the part of the central and local authorities of the People's



Republic of China as well as the Chinese and European antitrust authorities having jurisdiction.

As regards the market trend in the first months of the current financial year, the demand for **semi-finished copper and copper-alloy products intended for use in the building industry** continued to be characterised by underlying weakness recorded for the entire financial year 2012. The sales volumes contracted by approximately 16%, with respect to the levels of the first quarter of last year; they too were affected by the particularly negative meteorological conditions in Northern Europe; this trend thwarted the positive effect deriving from the increase in value added obtained with an incisive program to promote innovative solutions in the home and home furnishing sector, with proposals ranging from roof and facade coverings to products intended for the renewable energy arena, from domestic comfort to interior design objects.

The trend in brass-bar sales began to show signs of greater resistance after the slowdown sustained in 2012.

The evolution in the demand for semi-finished copper and copper-alloy products serving the industrial sector still proved to be weak; the activity levels achieved in the second half of last year have proven to remain essentially the same, both for industrial laminates and industrial pipes, even though some signs of recovery, though not generalised, are emerging. The Group continues to offer an extensive and diversified product portfolio with a high level of quality and service, maintaining a continuous open dialog with users, aimed at providing them the most appropriate solutions for each specific need.

As regards the special product sales, the levels of the second half of 2012 have been reached, reflecting the upkeep in economic activities in the emerging countries during recent months.

As regards the sector's overall economic performance, the industrial and commercial measures taken are starting to show their positive effects; although the markets are unfavourable, the profitability of the first quarter of 2013 improved compared with the last two quarters of 2012, aligning with the profitability of the first quarter of the last year, despite a 5.6% drop in sales.

<b>Key consolidated results of the copper sector</b>		
<i>(Millions of Euro)</i>	<i>31/3/2013</i>	<i>31/3/2012</i>
<b>Revenue</b>	<b>626.1</b>	<b>687.4</b>
<b>Revenue (not including raw materials)</b>	<b>179.9</b>	<b>189.4</b>
<b>EBITDA</b>	<b>16.7</b>	<b>15.9</b>
<b>EBIT</b>	<b>6.0</b>	<b>5.4</b>
<i>Profit (loss) before non-recurring items</i>	<i>1.0</i>	<i>(2.1)</i>
<b>Non-recurring income/(expense)</b>	<b>(2.9)</b>	<b>(3.7)</b>
<i>Effect of IFRS measurement of inventories</i>	<i>(4.3)</i>	<i>10.7</i>
<b>Consolidated pre-tax profit</b>	<b>(6.2)</b>	<b>4.9</b>
<b>Net debt</b>	<b>221.5(31.3.2013)</b>	<b>242.2 (31.12.2012)</b>
<b>Equity (**)</b>	<b>148.9 (31.3.2013)</b>	<b>149.5 (31.12.2012) (*)</b>

(\*) Shareholders' equity as at 31 December 2012 was adjusted with respect to that presented previously as a consequence of the application of IAS 19 that, abolishing the so-called "corridor", anticipated the posting of all the actuarial differences relative to pension funds to shareholders' equity.

(\*\*) Shareholders' equity as at 31 March 2013 excludes the fiscal effects on the 2013 profit.

The **Consolidated Revenue** in the first quarter of 2013 amounted to a total of Euro 626.1 million, down by 8.9% on 2012, when it was Euro 687.4 million.

This decrease was influenced by decreased sales volumes (-5.6%) and the lower average prices for raw materials. Net of the latter, revenue decreased from Euro 189.4 million to Euro 179.9 million, down by 5%; a comparison with the trend in sales volume confirms the positive effects of the price recovery.

**EBITDA** for the first quarter of 2013 were Euro 16.7 million; they are greater than those at the end of March 2012 when EBITDA were Euro 15.9 million (+ 5.0%) and considerably higher than those of the third and fourth quarter of last year. Labour costs dropped 8.3%, therefore by more than the decrease in the sales volumes, confirming the positive effect of the efficiency measures adopted.

**EBIT** stood at Euro 6.0 million (Euro 5.4 million in 2012).

The **Profit before non-recurring items** was Euro 1.0 million (loss of Euro 2.1 million in 2012).

**Non-recurring expenses** were Euro 2.9 million, almost entirely due to further work to reorganise and streamline the industrial units in the sector, the benefits of which will be seen in subsequent months.

The **Consolidated pre-tax profit** of the copper sector, without considering the valuation effects according to IAS/IFRS accounting standards on the raw material inventories, is negative by Euro 1.9 million (negative by Euro 5.8 million in 2012).

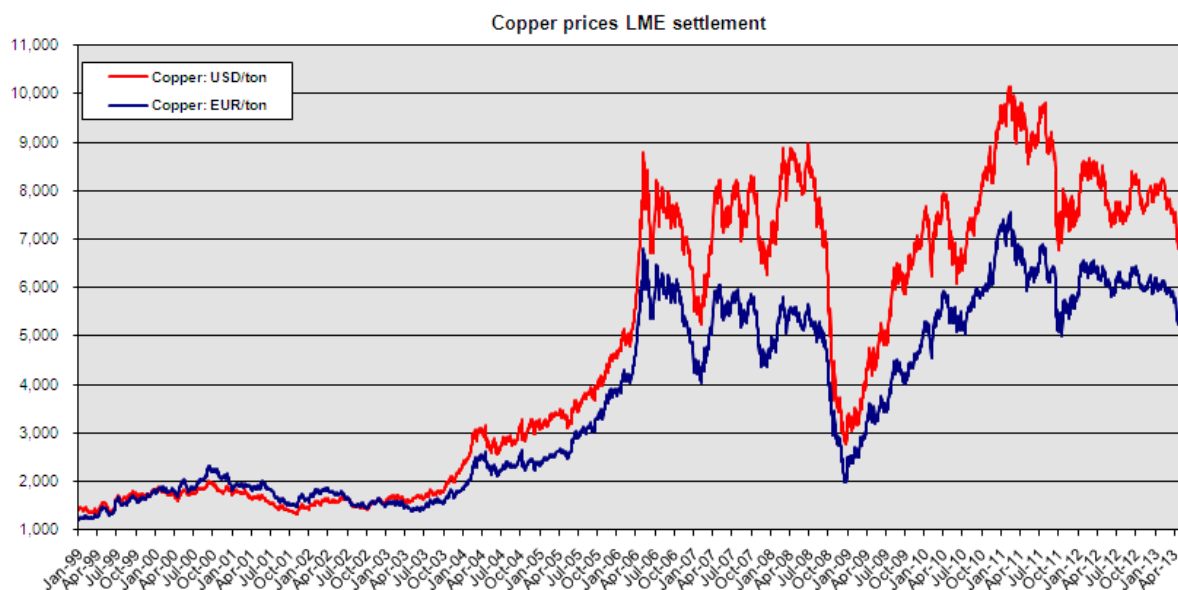
Financially, **Net Financial Debt** as at 31 March 2013 was Euro 221.5 million (Euro 242.2 million as at the end of December 2012).

As concerns **the evolution of operations**, the signal of improvement in profitability recorded in the first quarter of 2013, due to productivity streamlining as well as to cost curbing and in any case obtained in an environment still having very weak demand, permit positive forecasts to be made regarding the sector's financial performance in the next few months, taking into account the additional efficiency measures adopted and presuming a more favourable market trend.

The segment's **workforce** as at 31 March 2013 numbered 5,878 (5,974 as at the end of 2012).

The **price of copper raw material**, which is the metal most widely used in the production of the Group semi-finished products, decreased by an average of 4.5% in US\$ in the first quarter of 2013 compared to the same period of the previous year (decreasing from US\$ 8,310/ton to US\$ 7,932/ton) and by 5.2% in Euros (from Euro 6,337 to Euro 6,006). In terms of tendency, the average prices of copper metal in first quarter 2013 recorded an increase, with respect to those of the fourth quarter, equal to 0.3% in US\$ (from US\$ 7,909/ton to US\$ 7,932/ton, and a reduction of 1.5% in Euro (from Euro 6,099 to Euro 6,006).

The average price of copper was US\$ 7,203/ton in April 2013, corresponding to Euro 5,531/ton.



\* \* \*

### **Sector of “Financial and real estate assets”**

Intek SpA, which was incorporated into KME Group SpA with effect as from 30 November 2012, was an investment holding operating in the financial sector through the management of investments and funds, and whose asset portfolio was being valorised. Intek carried out traditional private equity business also through the closed and reserved investment fund I2 Capital Partners, which is organised and managed by I2 Capital Partners SGR which operates in the special situations segment.

In addition, Intek used to operate in the real estate sector through some of its investee companies. These assets were also transferred to the incorporating company INTEK Group which is continuing with the work to create value from these assets and from the investments in operations in the special situations sector where it has developed significant experience in bankruptcy proceedings, especially compositions with creditors after bankruptcy.

### **Investments in “private equity”**

As already mentioned in the Financial Statements as at 31 December 2012, during the first quarter of 2013, the I2 Capital Partners transferred an important equity investment held in Franco Vago Spa, an operator in the transportation and logistics sector for fashion and luxury goods, to a large Japanese multinational.

The transfer, which took place at a price of Euro 43.6 million, gross of selling costs, generated a capital gain of Euro 23.6 million, before taxes, for the Fund. Part of the price, amounting to Euro 5 million, was made up of escrow against the agreement guarantees. 50% of the deposited amounts are supposed to be released within the month of June 2014 and the remaining 50% at the end of the second year from the transfer date.

This large disposal allowed the Fund to execute an allotment over the quarter in question that lead to the collection of approximately Euro 7 million for INTEK Group.

The investee company, Benten, active in the area bankruptcy proceedings and compositions with creditors, achieved positive results; in April 2013 it distributed dividends of Euro 0.7 million for the 2012 financial year.

### **Investments in real estate**

In relation to the real-estate sector, it is noted that:

- in January 2013, an important agreement was executed between INTEK Group and Palano & Figli and its guarantors, with regards to receivables amounting to Euro 3.5 million claimed by the INTEK Group and guaranteed by property assets. Based on this agreement, the ownership of certain property assets located in Sicily may be transferred to our subsidiary I2 Real Estate;
- in January 2013 the transfer of the property complex in Conegliano Veneto was also completed with the closing of all balance-sheet items that remained open as at 31 December 2012;
- negotiations are underway for the transfer of the property assets located in Paris and in Padua for which positive prospects exist in both financial and economic terms. As regards Padua, the sale of part of the property assets was completed in the first days of May;
- valorisation activities also continued for other properties within the portfolio of the Group's companies.

\* \* \*

It should be noted that the transaction with a former adviser of FEB – Ernesto Breda Spa, which had indemnified the previous directors with reference to a dispute with adviser himself, was signed in the first quarter. The agreement signed entailed the recognition of Euro 1.4 million against provisions that have already been set aside for Euro 3 million. The income deriving from the release of the fund had already been recorded in the 2012 financial statements.

In January 2013 a summons was received from SGA – Società per la Gestione di Attività SpA (hereafter “SGA”) regarding the claims it made for conditional receivables which had already been recorded in the procedure which ended with the same composition with creditors after bankruptcy which involved FEB and on which further information has already been given in the section on disputes of the 2012 financial statements.

\* \* \*

### **“Advanced Services” Sector**

In the **Advanced Services** sector, through the investment in the listed company **COBRA Automotive Technologies S.p.A.** (hereafter also “COBRA”), the INTEK Group has

expanded its business, through one of the main European operators, to integrated services to manage the risks associated with the possession, ownership and use of vehicles through the use of IT and satellite technology.

The comprehensive income for the first quarter of 2013, equal to Euro 37.4 million, is down 10.5% with respect to the same period of the 2012. The decrease is due both to a 4.3% reduction in revenues from the electronic systems business unit as a result of the focus on products with greatest profitability (mainly alarm systems and components, and accessory parking systems), and of a 19.1% reduction in the revenue from the Services business unit as a result of the progressive reduction of the businesses considered to be non-strategic such as the long-term rental of vehicles and Housing (apartment management services), focusing on the “Smart Insurance” and “Fleet Management” Services.

EBIT came in negative at Euro 0.01 million therefore essentially at the break-even point and better than the EBIT of the 1<sup>st</sup> quarter of 2012 which were negative by Euro 0.8 million.

The Net profit (loss) for the Group passed from a loss of Euro 2.4 million for the 1<sup>st</sup> quarter of 2012 to a loss of Euro 0.8 million recording a strong drop mainly thanks to the increase in EBITA and to the simultaneous decrease of the financial charges in the 1st quarter of 2013.

The streamlining and profitability recovery process, already evident during the first quarter, will continue during 2013. In this context, the depreciation of the Yen, if confirmed during the year, will be a positive factor for profitability recovery, as too will the market growth associated with telematic insurance and the smart fleet will have a positive fall-out both on revenues relative to data communications boxes and on revenues from data communication services.

In light of these factors and of the last quarters' trend in addition to the projections relative to 2013, COBRA's Board of Directors deems that the group has inverted the tendency in the results and that the Business Units and the Group may achieve industrial equilibrium in the medium term. This should be a positive factor in the negotiations currently underway with the banks to remodel the Cobra Group's financial structure. It should be noted no significant events took place with respect to what has previously been mentioned regarding the Group's financial restructuring. The negotiations with the lending banks continue in order to obtain a preliminary stand still in the Group's financial restructuring plan which it is believed may be completed before the end of the year.

For further information on the operating performance of COBRA A.T. S.p.A., refer to the documentation made available by the Company.

\* \* \*

With reference to the renewable energy, the parent company of the sector, the listed company **ErgyCapital S.p.A.** (hereafter also “ErgyCapital”), continued, in the first months of 2013, the process, carried out in recent years, of streamlining its structure and operating costs. Overhead costs dropped 50% compared with the first quarter of 2012 thanks to the careful cost curbing and monitoring policy and the closing of the development division in the Biogas sector.

Efficiencies in the structure are anticipated for 2013 through the merger of eight wholly owned subsidiaries in ErgyCapital S.p.A.

In first quarter of 2013 the ErgyCapital Group achieved a production value of Euro 3.3 million, in-line with the corresponding period of the previous financial year, although discounting, with reference to that same period, a production level in photovoltaic sector more than 20% lower in terms of kWh due to the adverse meteorological conditions of the first three months of the year. An improvement in operating profit was observed: Consolidated EBITDA was Euro 1.4 million vs. the Euro 1.2 of the first quarter of 2012 (+15%). The consolidated profit, equal to Euro 1.1 million, is in-line with respect to that of the first quarter 2012.

The net financial position went from Euro 91.1 million as at 31 December 2012 to Euro 92.1 million as at 31 March 2013. The change is due: i) to the increase of debt in the running account in relation to the Intek Group by about Euro 0.8 million; ii) to the reduction of the financial payables relative to the photovoltaic plants by approximately Euro 0.7 million; iii) to the reduction of the cash in hand by Euro 0.9 million used for the payment of overdue trade payables.

ErgyCapital's recently renewed Board of Directors acknowledged with satisfaction the significant improvements in income of the last two years, which it believes can continue into the current financial year. The Company is also focused on the management of cash generation at the plants in operation that should guarantee, in addition to servicing the debt, significant cash in hand and, at the same time, on identifying broad ranging M&A opportunities both for the group as a whole and for the individual business units, aimed at creating value for shareholders.

For further information on the operating performance of ErgyCapital refer to the documentation made available by the Company.

\* \* \*

The results of Cobra A.T. Group and of ErgyCapital are recorded in the consolidated financial statements of INTEK Group as at 31 March 2013, which are prepared in compliance with the IFRS according to the equity method.

## **Group consolidated results**

With reference to the Group's performance levels during the first quarter of 2013, it is noted that they refer to the line-by-line consolidation of the copper sector results and of those of the Parent company as well as its direct subsidiaries; the services sector and renewable energy sector are presented with a consolidation in accordance with the equity method.

*The following reclassified performance indicators are useful for the analysis of the Group's economic performance because they are considered more representative of actual economic and financial performance.*

*The following alternative performance indicators are also used:*

### **EBITDA**

*This indicator represents a useful measure to assess the Group's operating performance and is an intermediate economic measure which derives from EBIT excluding amortisation and depreciation of tangible and intangible assets and non-recurring (charges)/income.*

### **Financial debt**

*This is an indicator of financial structure and is equal to gross financial payables reduced by cash and cash equivalents and other financial receivables.*

### **Net invested capital**

*Net invested capital is defined as the sum of the "Non-current assets" and "Current assets", net of "Current liabilities", excluding the items previously considered in the definition of "Financial debt".*

## **Reclassified income statement**

*In the comments on the operating results, financial and economic information has been used taken from the Group's operating systems and based on account principles which are different from the IFRS, mainly in terms of measurement and presentation. Here below are the main elements:*

- 1. in order to eliminate the impact of fluctuations in raw material prices, revenue is also presented net of raw material costs;*
- 2. the cost of the base-stock component (i.e., inventories that will not be sold) of year-end metals inventories in the copper and copper-alloy semi-finished products sector is determined on a last-in, first-out basis. The stock that will be sold, on the other hand, is measured at its contractual selling prices, which are deemed to be their realisable value. Under IFRS, on the other hand, inventories are required to be measured at the lower of purchase cost on a FIFO basis and net realisable value. IFRS also require forward sales and purchase contracts as well as hedging contracts traded on the LME to be separately identified and reported in the financial statements at their fair values, as if they were financial instruments. By not permitting the LIFO measurement of year-end inventories that is used internally for management control purposes, IFRS introduced an exogenous factor, the variability of which makes it impossible to compare homogeneous data for different periods that would give an accurate picture of the results of operations.*
- 3. Non-recurring items shown in the statement of comprehensive income are reported below EBITDA/EBIT. The table below shows the effects of the different methods of measurement and presentation for the first quarter of 2013.*

The reclassifications carried out as at 31 March 2013 are shown below.

(Millions of Euro)	1 <sup>st</sup> quarter 2013 IFRS		Reclassifications	Adjustments	1 <sup>st</sup> quarter 2013 Reclassified	
Gross Revenue	626.10	100.00%			626.10	
Raw material cost	-		(446.20)		(446.20)	
<b>Revenue net of raw material costs</b>	<b>-</b>				<b>179.90</b>	<b>100.00%</b>
Personnel Expense	(78.80)		1.80		(77.00)	
Other consumption and expenses	(538.10)		446.90	4.30	(86.90)	
<b>EBITDA (*)</b>	<b>9.20</b>	<b>1.47%</b>	<b>2.50</b>	<b>4.30</b>	<b>16.00</b>	<b>8.89%</b>
Depreciation	(10.80)		-		(10.80)	
<b>EBIT</b>	<b>(1.60)</b>	<b>-0.26%</b>	<b>2.50</b>	<b>4.30</b>	<b>5.20</b>	<b>2.89%</b>
Net financial expense	(4.40)		0.40		(4.00)	
<b>Loss before non-recurring items</b>	<b>(6.00)</b>	<b>-0.96%</b>	<b>2.90</b>	<b>4.30</b>	<b>1.20</b>	<b>0.67%</b>
Non-recurring income /(expenses)	-		(2.90)		(2.90)	
Impact IFRS measured inventories and forward contracts	-		-	(4.30)	(4.30)	
<b>Loss after taxes (IFRS inventory measurement)</b>	<b>(6.00)</b>	<b>-0.96%</b>	<b>-</b>	<b>-</b>	<b>(6.00)</b>	<b>-3.34%</b>
Share of equity-accounted investees	(0.80)			-	(0.80)	
<b>Net Loss for the period</b>	<b>(6.80)</b>	<b>-1.09%</b>	<b>-</b>	<b>-</b>	<b>(6.80)</b>	<b>-3.78%</b>
Loss attributable to non-controlling interests	-				-	
<b>Net loss for the Group</b>	<b>(6.80)</b>	<b>-1.09%</b>	<b>-</b>	<b>-</b>	<b>(6.80)</b>	<b>-3.78%</b>



The reclassified income statement as at 31 March 2013 compared with that on the same date in 2012 is shown below.

<b>Intek Group - Reclassified Consolidated Income Statement</b>				
(Millions of Euros)	1 <sup>st</sup> quarter 2013 Reclassified		1 <sup>st</sup> quarter 2012 Reclassified	
Gross Revenue	626.10		687.40	
Raw material cost	(446.20)		(498.00)	
<b>Revenue net of raw material costs</b>	<b>179.90</b>	<b>100.00%</b>	<b>189.40</b>	<b>100.00%</b>
Personnel Expense	(77.00)		(83.60)	
Other Consumption and Expenses	(86.90)		(90.80)	
<b>EBITDA (*)</b>	<b>16.00</b>	<b>8.89%</b>	<b>15.00</b>	<b>7.92%</b>
Depreciation	(10.80)		(10.50)	
<b>EBIT</b>	<b>5.20</b>	<b>2.89%</b>	<b>4.50</b>	<b>2.38%</b>
Net financial expense	(4.00)		(4.30)	
<b>Loss before non-recurring items</b>	<b>1.20</b>	<b>0.67%</b>	<b>0.20</b>	<b>0.11%</b>
Non-recurring income /(expenses)	(2.90)		(3.70)	
impact IFRS measured inventories and forward contracts	(4.30)		10.70	
<b>Loss after taxes (IFRS inventory measurement)</b>	<b>(6.00)</b>	<b>-3.34%</b>	<b>7.20</b>	<b>3.80%</b>
Share of equity-accounted investees	(0.80)		(1.50)	
<b>Net loss for the period</b>	<b>(6.80)</b>	<b>-3.78%</b>	<b>5.70</b>	<b>3.01%</b>
Loss attributable to non-controlling interests	-		0.40	
<b>Net loss for the Group</b>	<b>(6.80)</b>	<b>-3.78%</b>	<b>5.30</b>	<b>2.80%</b>

The consolidated results in the absence of significant transactions on the part of the holding and of the other associated companies, including those consolidated with the equity method, are in line with those of the Copper sector.

In reference to the **equity situation**, consolidated equity can be summarised as follows:

<b>Equity</b>		
<i>(thousands of Euro)</i>	<b>31/03/2013</b>	<b>31/12/2012</b>
Share capital	314,225	314,225
Reserves	(11,958)	60,465
Net profit for the year (*)	(6,877)	(78,732)
Equity attributable to non-controlling interests	6,238	6,743
<b>Total</b>	<b>301,628</b>	<b>302,701</b>

(\*) before taxes for the first quarter 2013

Shareholders' equity as at 31 December 2012 was down by Euro 55,794 with respect to that presented in the consolidated financial statements for the same date as a result of the application of IAS 19 that, abolishing the so-called “corridor”, required the posting of all the actuarial differences relative to pension funds to shareholders' equity.

**Group Net Debt** at 31 March 2013 stood at Euro 312 million (Euro 339 million at the end of 2012).

<b>Net Financial Position (*)</b>		
<i>(thousands of Euro)</i>	<b>31/03/2013 (RECL)</b>	<b>31/12/2012 (RECL)</b>
Short-term financial payables	123,194	114,122
Medium to long term financial payables	323,831	341,983
Financial payables due to Group companies	2,409	927
<b>(A) Total financial payables</b>	<b>449,434</b>	<b>457,032</b>
Cash and cash equivalents	(51,100)	(65,813)
Other financial assets	-	-
Short-term financial receivables	(102,190)	(70,680)
Financial receivables due from Group companies	(15,606)	(14,135)
<b>(B) Total cash and current financial assets</b>	<b>(168,896)</b>	<b>(150,628)</b>
Fair value of LME and metals forward contracts	(24,476)	(20,994)
Fair value of other financial instruments	(305)	1,526
<b>(C) Financial instruments measured at fair value</b>	<b>(24,781)</b>	<b>(19,468)</b>
<b>Consolidated net financial position prior to securities in circulation</b>	<b>255,757</b>	<b>286,936</b>
Debt securities in circulation (net of interest)	57,148	57,066
<b>Consolidated net financial position (A)+(B)+(C) (1)</b>	<b>312,905</b>	<b>344,002</b>
Non-current financial assets	(861)	(4,585)
<b>Total Net Financial Debt</b>	<b>312,044</b>	<b>339,417</b>

(1) Definition from Consob communication DEM/6064293 dated 28.07.06 enforcing the CESR recommendations dated 10 February 2005.

(\*) This is an indicator of financial structure and is equal to gross financial payables reduced by cash and cash equivalents and financial receivables.

The reclassified **Net invested capital** was as follows:

<b>Reclassified net invested capital (*):</b>		
<i>Euro/000</i>	<i>31/03/2013</i>	<i>31/12/2012</i>
Net non-current assets	833,301	849,895
Net working capital	112,298	131,971
Provisions	(331,927)	(339,748)
<b>Net invested capital</b>	<b>613,672</b>	<b>642,118</b>

Net invested capital relative to 2012 is influenced by the adjustments made as an effect of the application of IAS 19.

(\*) *“Net invested capital” is a financial indicator which is not envisaged by the IFRS and should not be considered as an alternative to the indicators envisaged by the IFRS. Its components are given here below:*

- *“Net non-current assets” consists of the sum of the items “Tangible and intangible assets”, “Investments” and “Other non-current assets” and “Other non-current financial assets” which are not included in the definition of “Financial debt” (typically takes in closed-end and reserved funds).*
- *“Net working capital” consists of the sum of the items “Inventories” and “Trade receivables” net of “Trade payables” and “Other current assets/liabilities”, except for the items previously considered in the definition of “net debt”.*
- *“Net provisions” includes the item “Employee benefits”, “Net deferred taxes” and other “Provisions for risks and charges”.*

### ***Other information:***

#### **Parent company and ownership arrangements**

The company is controlled by Quattrodedue Holding B.V. which is based in Amsterdam (Holland), Kabelweg 37, through Quattrodedue SpA, a wholly owned subsidiary of the aforementioned Quattrodedue Holding BV. At 31 December 2012 Quattrodedue Holding BV held 158,067,506 Intek Group ordinary shares, or 45.749% of the company’s ordinary share capital.

\* \* \*

It is noted that the company’s Board of Directors, at its meeting on 14 September 2012, decided, among other things, to make use of the exception, envisaged by articles 70, para. VIII, and 71-bis of the Issuers’ Regulations, which gives the Company the right to be exempt from the obligation to publish a Prospectus on significant operations in terms of mergers, divisions, share capital increases through transfers of goods in kind, acquisitions and disposals.

#### **Transactions with related parties**

The economic relationships between INTEK Group and its associated and related parties are justified by the actual interest of the companies. These conditions are governed at an arm's length basis.

No new transactions are noted for the period except for the transfer of the financing positions relative to the copper sector.

### **Business outlook**

Operational performance will be useful for the performance of the individual investment sectors.

### **Significant events after 31 March 2013**

There are no significant events other than those already described in the previous pages.

### **Accounting statements regarding the Interim Director's Report as at 31 March 2013**

The Interim Director's Report as at 31 March 2013, not subject to audit, has been drafted in observance of art. 154 *ter* of the Consolidation Finance Act introduced by Italian Legislative Decree 195/2007.

The consolidated financial position refers to the end of the quarter in consideration and to the reporting date of the previous financial year.

The consolidated income information is supplied with reference to the first quarter of 2013. This information is also compared with the data relative to the analogous period of the previous financial year. The format of the accounting statements corresponds to that of the same prospectus contained in the Half-year financial report and in the Annual financial report.

The Interim Directors' Report as at 31 March 2013 was prepared in compliance with the requirements for measurement and recognition under International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission in accordance with the procedure set forth in article 6 of Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002, as well as with the requirements in implementation of article 9 of Legislative Decree 38/2005.

The results are presented before taxes for the period.

## Consolidated Balance Sheet

<i>(thousands of Euro)</i>	<b>31-March-13</b>	<b>31-Dec-12</b>
Property, plant and equipment	556,149	562,751
Investment property	80,091	80,104
Goodwill	125,801	125,801
Intangible assets	3,192	3,545
Investments in subsidiaries and associates	14,613	13,810
Investments in other companies	270	270
Equity-accounted investees	34,539	35,221
Other non-current assets	8,223	8,318
Non-current financial assets	14,284	24,711
Reserve for deferred taxes	65,289	65,591
<b>Total non-current financial assets</b>	<b>902,451</b>	<b>920,122</b>
Inventories	621,102	570,993
Trade receivables	123,910	129,846
Other current receivables and assets	58,362	50,028
Current financial assets	154,767	112,876
Cash and cash equivalents	51,100	65,813
Non-current assets held for sale	2,040	4,590
<b>Total current assets</b>	<b>1,011,281</b>	<b>934,146</b>
<b>Total assets</b>	<b>1,913,732</b>	<b>1,854,268</b>
Share capital	314,225	314,225
Reserves	(11,958)	60,465
Profit(loss) for the year	(6,899)	(78,732)
<b>Shareholders' equity of the Group</b>	<b>295,368</b>	<b>295,958</b>
Minority investments	6,238	6,743
<b>Total shareholders' equity</b>	<b>301,606</b>	<b>302,701</b>
Employee benefits	229,459	235,389
Deferred tax liabilities	117,012	117,034
Non-current financial payables and liabilities	387,157	399,050
Other non-current liabilities	17,278	17,528
Provisions for risks and charges	31,815	31,167
<b>Total non-current liabilities</b>	<b>782,721</b>	<b>800,168</b>
Financial payables and liabilities	127,149	119,913
Trade payables	577,603	503,693
Other current liabilities	105,701	106,044
Provisions for risks and charges	18,952	21,749
<b>Total current liabilities</b>	<b>829,405</b>	<b>751,399</b>
<b>Total liabilities and equity</b>	<b>1,913,732</b>	<b>1,854,268</b>

## ***Income Statement***

<i>(thousands of Euro)</i>	<b>1<sup>st</sup> quarter 2013</b>	<b>1<sup>st</sup> quarter 2012</b>
Revenues from sales and services	626,143	687,401
Changes in finished and semi-finished product inventories	2,912	769
Capitalisation for internal works	342	1,793
Other operating revenues	4,146	3,234
Purchases and change in raw materials	(470,309)	(505,225)
Personnel costs	(78,836)	(85,182)
Amortisation, depreciation and impairment losses	(10,823)	(10,547)
Other operating costs	(75,177)	(80,774)
<b>Operating Income</b>	<b>(1,602)</b>	<b>11,469</b>
Financial Income	2,569	15,617
Financial Expenses	(6,988)	(19,948)
Share of profit of equity-accounted investees	(832)	(1,521)
<b>Gross profit for the period attributable</b>	<b>(6,853)</b>	<b>5,617</b>
to Minority Interests	46	361
to the Shareholders of parent company	(6,899)	5,256
<b>Gross profit (loss) for the period</b>	<b>(6,853)</b>	<b>5,617</b>

Milan, 14 May 2013

Board of Directors

### ***Declaration of the Financial Reporting Manager in compliance with the provisions of art. 154-bis, para. 2 of the Legislative Decree 58/1998 (Consolidated Law on Finance (TUF))***

The Financial Reporting Manager, Marco Miniati, hereby declares that, pursuant to art. 154-bis, paragraph 2 of the Consolidated Law on Finance, (Italian Legislative Decree no. 58/1998), the accounting information contained in this Intermediate report on operations as at 31 March 2013, corresponds to the company's documents, books, and accounting records.

Financial Reporting Manager  
*(Signed: Marco Miniati)*