

EUROTECH: CONSOLIDATED INTERIM MANAGEMENT STATEMENT AT 30 SEPTEMBER 2012

EBITDA up by 32.8% year-to-date due largely to cost cutting.

Amaro (UD), 14 November 2012

- Consolidated revenues: from EUR 66.20 million to EUR 64.26 million
- Consolidated gross profit: from EUR 34.16 million to EUR 33.37 million
- Consolidated EBITDA: from EUR 1.84 million to EURO 2.44 million, +32.8%
- Consolidated EBIT: from EUR -3.75 million to EUR -3.42 million
- Consolidated pre-tax loss: from EUR -5.27 million to EUR -4.46 million
- Net debt: EUR 16.5 million
- Group shareholders' equity: EUR 129.8 million

The Board of Directors of Eurotech SpA reviewed and approved the results relating to the first nine months and the third quarter of 2012 in today's meeting.

FIRST NINE MONTHS OF 2012

In the first nine months of 2012, Group revenues totalled EUR 64.26 million vs. EUR 66.20 million in the first nine months of 2011.

Revenue performance in the first nine months continued to be affected by the uncertain global economic climate. The global situation affected the countries in which the Group is present in different ways and to varying degrees: the US and Japan showed positive signs of improvement, mainly in the order intake for US, while uncertainty persisted in Europe, with little visibility on the future outlook, in line with the trend already tracking in the first six months.

The gross profit margin came in at 51.9%, just over the figure registered for the first nine months of 2011 and higher than the 49.6% reported at year-end 2011. Over the third quarter, the Group registered a recovery in profit margins that had temporarily fallen in the second quarter - mainly owing to a product sales mix that was less profitable than usual - thus affecting the interim first-half results.

Management is also continuing to put great attention on cost performance, particularly in fixed costs. All the necessary measures are still being taken to curb spending, while still protecting the investment needed to sustain Group competitiveness, including new product development.

In the nine months in question, gross of adjustments, operating costs were reduced by EUR 1.29 million, decreasing from EUR 34.08 million (accounting for 51.5% of revenue) in the first nine months of 2011 to EUR 32.79 million (accounting for 51.0% of revenue) in the first nine months of 2012.

In absolute values, and due to the negative influence of exchange rates, the costs expressed in Euro do not convey the great effort made to curb fixed costs. If we consider the amounts in local currencies, significant savings can be seen from one period to the next achieved by the actions undertaken in 2011 and in the first months of 2012 to make the structure more efficient and lower the activation threshold for operating leverage. These actions can be seen more clearly in the reduction of the number of employees, which were 470 as at 30 September 2011 fell to 423 as at 30 September 2012.

Curbing fixed costs and streamlining existing resources are a priority of management, in order to achieve the profit objectives set for the current year.

Cost reduction has also impacted the EBITDA results of the Group, boosting it by 32.8% with a positive trend that shows how the results expected from the efficiency improvement measures put in place to date are bearing fruit.

EBIT came in at EUR -3.42 million, and was -5.3% as a percentage of revenues. This was an improvement versus the first nine months of 2011, when the figure was EUR -3.75 million and -5.7% as a percentage of revenues. EBIT as a percentage of revenue in the nine months was affected by higher gross profit and operating cost savings, in addition to the amortisation charged to the income statement in the first nine months of 2012, which derive on one side from the operating assets that began to be amortised in the first nine months of the year, and on the other side from the non monetary effects of "price allocation", which came to EUR 2.86 million in the first nine months of 2012 (compared to EUR 2.44 million in the same period in 2011).

Year-to-date 2012, there was a pre-tax loss of EUR -4.46 million (vs. a loss of EUR -5.27 million in the first nine months of 2011). This performance was impacted by the items discussed above and by the results of financial operations – which in turn were affected by the trend in net financial position, as well as foreign exchange differences caused by trends in foreign currencies.

The Group net loss decreased from EUR -6.44 million in the first three quarters of 2011 to EUR -5.44 million in the same period of 2012. Price allocation had an impact of EUR 1.68 million on the Group net loss in 2012 (vs. EUR 1.43 million in 2011).

At 30 September 2012, the Group reported net financial debt of EUR 16.5 million, compared to net financial debt of EUR 14.33 million at 31 December 2011 and liquidities at month-end September 2012 amounted to EUR 10.71 million. It should be noted that operational

management in the first nine months of 2012 have had a positive cash flow of EUR 0.2 million, improving greatly compared to the negative cash flow of EUR 1.23 million reported in the first nine months of 2011.

Also as at 30 September 2012, net working capital amounted to EUR 28.4 million, showing improvement compared to the EUR 30.14 reported at 31 December 2011 and EUR 31.41 million reported at 30 September 2011, due primarily to efficiencies in managing inventories.

THIRD QUARTER 2012

The Group registered third quarter sales of EUR 22.09 million, accounting for 34.4% of total January to September sales, while the same quarter of 2011 showed sales of EUR 25.03 million, accounting for 37.8% of total sales in the first nine months. This different distribution of the revenue is related largely to delivery in the third quarter 2011 of a significant portion of a large order in transportation, already mentioned in recent reports, handled by the British subsidiary.

In the third quarter of 2012, the different sales mix led to a net increase in the gross profit margin: 57.2% as a percentage of sales in 2012, versus 51.8% in the third quarter of 2011. This trend confirms the comments made regarding the previous quarters, namely, that in a given quarter, the sales mix can temporarily generate a different margin, whose effect is reduced when considered in the course of an entire year. Gross profit in the first three quarters of 2012 came in at just over 50%, in line with the management's target based on the business model adopted.

The interim results are influenced by the trend in operating costs and in depreciation and amortisation charged in the quarter. EBITDA was 17.6% higher in the third quarter of 2012 than in the same period of 2011. It was positive to the tune of EUR 2.86 million, with a 13.0% margin on the quarter's sales, while in the same quarter in 2011 EBITDA totalled EUR 2.43 million, with a 9.7% margin on the quarter's sales.

EBIT improved in the third quarter of 2012, rising to EUR 784 thousand (3.5% as a percentage of revenues) from EUR 579 thousand (2.3% of revenues) in the same period of 2011. Price allocation had a negative effect on EBIT of EUR 984 thousand in the third quarter of 2012 and EUR 814 thousand in the same period a year earlier.

The pre-tax profit was EUR 0.3 million, compared with EUR 0.1 million in the third quarter 2011, owing to the effect of EBIT described above, combined with the currency exchange trend and the consequent exchange rate differences booked.

In the third quarter 2012, the net loss of the Group came to less than EUR 1.0 million, in line with the same period a year earlier.

We advise the public that, as required by the CONSOB (Italian securities & exchange commission), the Consolidated Interim Management Statement at 30 September 2012 is available to anyone who requests it at the Company's registered headquarters as well as on Eurotech's website, www.eurotech.com

Pursuant to article 154-bis, paragraph 2, of the Italian Consolidated Finance Act, the Financial Reporting Manager of Eurotech SpA, Sandro Barazza, hereby declares that the financial disclosure contained in this press release corresponds to the Company's documentary evidence, corporate books and accounting records.

THE EUROTECH GROUP

Eurotech (ETH.MI) is a global company that integrates hardware, software and expertise in applications to provide embedded computing platforms and sub-systems to OEMs, system integrators and leading corporate customers, to enable them to effectively and efficiently deploy their products and services. Drawing on the concept of minimalist computing, Eurotech lowers power draw, minimises physical size and reduces coding complexity to bring embedded platforms, sub-systems, ready-to-use devices and high-performance computers to market, specialising in the defence, transport, logistics, industrial and medical segments. By combining specific expertise in wireless connectivity as well as communications protocols, Eurotech architects integrated solutions that simplify data capture, processing and transfer over global communications networks. Our customers rely on us to simplify their access to cutting-edge embedded technologies so they can focus on their core competencies. For more information on Eurotech, visit the website www.eurotech.com.

Company contacts:

Investor relations

Andrea Barbaro

Tel. +39 0433 485411

e-mail: andrea.barbaro@eurotech.com

Corporate Communication

Cristiana della Zonca

Tel. +39 0433 485411

e-mail: cristiana.dellazonca@eurotech.com

ANNEXES – FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (€ '000)	3rd Qtr 2012		3rd Qtr 2011		9 months 2012 (a)		9 months 2011 (b)		change (b-a)	
		%		%		%		%	amount	%
Sales revenue	22,089	100.0%	25,035	100.0%	64,265	100.0%	66,199	100.0%	(1,934)	2.9%
Cost of material	(9,444)	-42.8%	(12,068)	-48.2%	(30,892)	-48.1%	(32,041)	-48.4%	1,149	-3.6%
Gross profit	12,645	57.2%	12,967	51.8%	33,373	51.9%	34,158	51.6%	(785)	2.3%
Services costs	(3,622)	-16.4%	(4,160)	-16.6%	(10,993)	-17.1%	(12,133)	-18.3%	1,140	-9.4%
Lease & hire costs	(563)	-2.5%	(601)	-2.4%	(1,709)	-2.7%	(1,786)	-2.7%	77	-4.3%
Payroll costs	(5,883)	-26.6%	(6,248)	-25.0%	(19,037)	-29.6%	(19,095)	-28.8%	58	-0.3%
Other provisions and costs	(367)	-1.7%	(166)	-0.7%	(1,048)	-1.6%	(1,066)	-1.6%	18	-1.7%
Other revenues	651	2.9%	641	2.6%	1,850	2.9%	1,757	2.7%	93	5.3%
EBITDA	2,861	13.0%	2,433	9.7%	2,436	3.8%	1,835	2.8%	601	32.8%
Depreciation & Amortization	(2,077)	-9.4%	(1,836)	-7.3%	(5,854)	-9.1%	(5,570)	-8.4%	(284)	5.1%
Asset impairment	0	0.0%	(18)	-0.1%	0	0.0%	(18)	0.0%	18	100.0%
EBIT	784	3.5%	579	2.3%	(3,418)	-5.3%	(3,753)	-5.7%	335	8.9%
Share of associates' profit at equity	(11)	0.0%	0	0.0%	(43)	-0.1%	(139)	-0.2%	96	-69.1%
Finance expense	200	0.9%	(2,266)	-9.1%	(1,867)	-2.9%	(5,864)	-8.9%	3,997	-68.2%
Finance income	(682)	-3.1%	1,790	7.1%	866	1.3%	4,490	6.8%	(3,624)	80.7%
Profit before tax	291	1.3%	103	0.4%	(4,462)	-6.9%	(5,266)	-8.0%	804	-15.3%
Income tax	(1,281)	-5.8%	(1,134)	-4.5%	(976)	-1.5%	(1,174)	-1.8%	198	-16.9%
Net profit before minority interest	(990)	-4.5%	(1,031)	-4.1%	(5,438)	-8.5%	(6,440)	-9.7%	1,002	15.6%
Minority interest	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	n/a
Group net profit (loss)	(990)	-4.5%	(1,031)	-4.1%	(5,438)	-8.5%	(6,440)	-9.7%	1,002	15.6%
Base earnings per share					(0.155)		(0.183)			
Diluted earnings per share					(0.155)		(0.183)			

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€'000)	at September 30, 2012	at December 31, 2011
ASSETS		
Intangible assets	124,347	125,922
Property, Plant and equipment	5,301	5,897
Investments in non-consolidated subsidiaries	51	0
Investments in affiliate companies	287	278
Investments in other companies	261	270
Deferred tax assets	1,430	1,439
Other non current financial assets	186	226
Other non-current assets	843	843
Total non-current assets	132,706	134,875
Inventories	23,489	23,734
Contracts in progress	1,255	2,356
Trade receivables	21,796	26,724
Income tax receivables	495	938
Other current assets	2,570	2,569
Receivables from affiliates companies	0	1,163
Short term borrowing allowed to affiliates companies and other Group companies	0	178
Other current financial assets	100	0
Cash & cash equivalents	10,712	13,596
Total current assets	60,417	71,258
Total assets	193,123	206,133
LIABILITIES AND EQUITY		
Share capital	8,879	8,879
Share premium reserve	136,400	136,400
Other reserves	(15,447)	(10,236)
Group shareholders' equity	129,832	135,043
Equity attributable to minority interest	0	0
Total shareholders' equity	129,832	135,043
Medium-/long-term borrow ing	14,334	10,482
Employee benefit obligations	1,812	1,718
Deferred tax liabilities	11,018	12,111
Other non-current liabilities	1,753	1,586
Total non-current liabilities	28,917	25,897
Trade payables	13,104	18,388
Short-term borrow ing	12,526	17,253
Derivative instruments	426	376
Income tax liabilities	1,487	1,731
Other current liabilities	6,614	7,229
Business combination liabilities	217	216
Total current liabilities	34,374	45,193
Total liabilities	63,291	71,090
Total liabilities and equity	193,123	206,133

STATEMENT OF CHANGES IN EQUITY

(€'000)	Share capital	Legal reserve	Share premium reserve	Conversion reserve	Other reserves	Cash flow hedge reserve	Exchange rate differences reserve	Treasury shares	Profit (loss) for period	Group shareholders' equity	Equity attributable to Minority interest	Total shareholders' equity
Balance as at December 31, 2011	8,879	39	136,400	34,514	(35,703)	(376)	(124)	(1,340)	(7,246)	135,043	-	135,043
2011 Result allocation	-	-	-	-	(7,246)	-	-	-	7,246	-	-	-
Profit (loss) as at September 30, 2012	-	-	-	-	-	-	-	-	(5,438)	(5,438)	-	(5,438)
<i>Comprehensive other profit (loss)</i>												
- Hedge transactions	-	-	-	-	-	(50)	-	-	-	(50)	-	(50)
- Foreign balance sheets conversion difference	-	-	-	247	-	-	-	-	-	247	-	247
- Exchange differences on equity method	-	-	-	-	16	-	-	-	-	16	-	16
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	14	-	-	14	-	14
Comprehensive result	-	-	-	247	16	(50)	14	-	(5,438)	(5,211)	-	(5,211)
Balance as at September 30, 2012	8,879	39	136,400	34,761	(42,933)	(426)	(110)	(1,340)	(5,438)	129,832	-	129,832

NET FINANCIAL POSITION

		at September 30, at December 31, at September 30,		
		(€'000)	2012	2011
Cash & cash equivalents	A	(10,712)	(13,596)	(12,903)
Cash equivalent	B=A	(10,712)	(13,596)	(12,903)
Short term borrow ing allow ed to affiliates companies	C	0	(178)	0
Other current financial assets	D	(100)	0	0
Derivative instruments	E	426	376	406
Short-term borrow ing	F	12,526	17,253	10,147
Business aggregation liabilities	G	217	216	209
Short-term financial position	H=C+D+E+F+G	13,069	17,667	10,762
Short-term net financial position	I=B+H	2,357	4,071	(2,141)
Medium/long term borrow ing allow ed to affiliates companies	J	0	0	(1,259)
Other non current financial assets	K	(186)	(226)	(226)
Medium/long term borrow ing	L	14,334	10,482	19,007
Medium-/long-term net financial position	M=J+K+L	14,148	10,256	17,522
(NET FINANCIAL POSITION) NET DEBT	N=I+M	16,505	14,327	15,381

WORKING CAPITAL

	at September		at December	at September	Changes (b-a)
	(€'000)	30, 2012 (b)	31, 2011 (a)	30, 2011	
Inventories		23,489	23,734	26,758	(245)
Contracts in progress		1,255	2,356	3,321	(1,101)
Trade receivables		21,796	26,724	20,110	(4,928)
Receivables from affiliates companies		0	1,163	0	(1,163)
Income tax receivables		495	938	1,463	(443)
Other current assets		2,570	2,569	2,734	1
Current assets		49,605	57,484	54,386	(7,879)
Trade payables		(13,104)	(18,388)	(15,315)	5,284
Income tax liabilities		(1,487)	(1,731)	(509)	244
Other current liabilities		(6,614)	(7,229)	(7,147)	615
Current liabilities		(21,205)	(27,348)	(22,971)	6,143
Net working capital		28,400	30,136	31,415	(1,736)