PRESS RELEASE

EUROTECH: BoD APPROVES CONSOLIDATED HALF-YEAR RESULTS AT 30 JUNE 2013

Amaro (UD), 29 August 2013

- Consolidated revenues: from €42.18 million to €33.06 million
- Consolidated gross profit: from €20.73 million to €17.40 million
- Consolidated EBITDA: from €-425 thousand to €-1.95 million
- Consolidated EBIT: from €-4.20 million to €-5.38 million
- Consolidated pre-tax loss: from €-4.75 million to €-4.56 million
- Group net profit (loss): from €-4.45 million to €-4.56 million
- Net debt: €11.88 million
- Group shareholders' equity: €105.12 million

Today the Board of Directors of Eurotech S.p.A. reviewed and approved the results for the first half of 2013.

The six months ended 30 June 2013 were characterised, on the one hand, by a lower turnover compared with historical levels and, on the other hand, by an increase of the order intake in the semester compare to the previous years together with a further reduction in operating costs. The Group's main objective in this financial year, which can be summed up as breaking even, remains valid even in view of the current situation.

Group revenues came in at €33.06 million in the first six months of the year, compared with €42.18 million in the first half of 2012. The reporting period was strongly influenced by the requirements of clients, who requested, in both North America and Japan, a specific scheduling of deliveries towards the second half of the year, while in the European market the less than positive economic situation has persisted. The weakness of the yen and the dollar by comparison with last year also widened the gap compared with 2012.

Despite this, the improvement in operating efficiency and the existing order book at July 2013 suggest that the aim of breaking even, while not yet achieved in this first half, is still realistic in annual terms. The combined value of turnover in the first half and the order book for the second half existing as at July 1st is 11.1% higher than the same figure in 2012, using the same exchange rates.
Meanwhile, the total, multi-year order book at the end of July topped €60 million for the first time in Eurotech's history. This figure does not include the contract for $60 million signed with SAIC, which will go into the order book as the supply orders are issued. This greater concentration of turnover in the second half-year repeats the pattern seen in nearly all previous years. In the current year, the order book shows an even greater concentration of deliveries than usual in the final quarter, which is particularly striking in North America and Japan.

Generally speaking, the US market is showing positive signs in terms of orders, despite a deficiency in turnover. In Japan, the yen is likely to continue to be weak against the other currencies, and this should give a medium-term boost to our customers in this region, which depend heavily on exports as well as the domestic market. In the short term, however, the most obvious effect is reduced turnover in this region when translated to euro. Lastly, Europe is still in an uncertain situation, with little visibility on future development due to the turbulence in the eurozone countries.

Gross profit for the period was certainly positive, being higher, as a percentage of turnover, than in the first half of 2012 and at the end of 2012, at 52.6%. This performance was influenced by the specific mix of products sold, and helped to mitigate the effect of reduced turnover on the result.

Operating costs before adjustments decreased by €2.0 million in the period under review, from €22.4 million in the first half of 2012 to €20.4 million in the first half of 2013. This cost reduction had a positive effect on Group EBITDA and partly balanced out the negative effect of lower turnover. Due to the revenues performance previously described, gross operating costs as a percentage of revenues increased from 53.0% in the first half 2012 to 61.7% in the first half 2013, representing an improvement on the first quarter of 2013 (65.6%).

As in the case of revenues, the reduced operating costs were partly due to the different foreign exchange ratio used to convert the financial statements of foreign companies. However, the reduction in costs was also due, as in previous quarters, to measures taken by managers to make the Group's structure more efficient and to lower the activation threshold for operating leverage. Further benefits are expected during the financial year, based on the final actions launched at the end of 2012 and during this year. By virtue of the usual distribution of turnover between the quarters, which is set to be even more unbalanced in the second half of this year, fixed costs as a percentage of turnover are expected to be substantially lower over 12 months.

Curbing fixed costs and rationalising existing resources are still a management priority this year, in order to achieve the profit targets set at the beginning of the year.

Operating costs were also affected by a significant, non-recurring allocation to doubtful debt provision of €572 thousand in the North American region.

EBITDA in the first half of the year came in at €-1.9 million in 2013, compared with €-0.4 million in 2012.

EBIT came in at €-5.38 million, compared with €-4.20 million in the first half of 2012. EBIT as a percentage of revenues was affected by turnover levels, coming in at -16.3% compared with -10.0% in the first half of 2012. This result reflects the EBITDA performance, as well as depreciation recognised in the income statement for the first half of 2013, which was due to both operating assets that became subject to depreciation in this period and the effects of price allocation (PPA) relating the acquisitions of Eurotech Inc. (formerly Applied Data Systems Inc.), Dynatem Inc. and Advanet Inc.. The effect on EBIT of the higher values attributed at the time of the PPA was €1.62 million the first half of 2013, compared with €1.88 million in the same period of 2012.

The pre-tax result was negative for €4.56 million in the first half of 2013 (compared with a loss of €4.75 million in the first six months of 2012); this performance was affected by the factors described above, as well as positive forex effects due to currency trends. The effect of PPA on the pre-tax result was €1.62 million in the first half of 2013 and €1.88 million in the first half of 2012.

The Group posted a net loss of €4.56 million in the first half of 2013, compared with a loss of €4.45 million in the first half of 2012, reflecting the trend in the pre-tax result and the current tax burden.

The Group had net debt of €11.88 million at 30 June 2013, an improvement on the €14.24 million posted at 31 March 2013. Operating cash flows totalled €2.15 million in the first half of 2012, a marked improvement on the slightly positive cash flow registered in the first half of 2012.

Working capital decreased from €23.73 million at 31 December 2012 to €18.87 million at 30 June 2013. This improvement reflects, in particular, careful control of the duration of receivables and payables and efficient inventory management.

Note that, as required by Consob (Italian securities & exchange commission), the Consolidated Half-year Financial Report at 30 June 2013 is available to anyone who requests it from the Company's registered office and from the registered office of Borsa Italiana S.p.A. The Report is also available on Eurotech's website, at www.eurotech.com.

Pursuant to article154-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 based in Italy and with offices and subsidiaries in Europe, North America and Asia. The Eurotech group develops and markets miniaturised computers for special use (NanoPCs) and computers featuring elevated computing capacity (HPCs – High-Performance Computers). With these two product categories, Eurotech aims to become a leader in the implementation of pervasive computing, which, leveraging on Cloud IT infrastructure, is capable of enabling an entire range of value-added services and functions in the transport, defence, industrial, medical sectors.

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ANNEXES – FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (€ '000)	1H 2013 (b)	%	1H 2012 (a) Restated^	%	change (b-a) amount	change (b-a) %
Sales revenue	33,058	100.0%	42,176	100.0%	(9,118)	-21.6%
Cost of material	(15,659)	-47.4%	(21,448)	-50.9%	(5,789)	27.0%
Gross profit	**17,399**	**52.6%**	**20,728**	**49.1%**	**(3,329)**	**-16.1%**
Services costs	(6,850)	-20.7%	(7,371)	-17.5%	(521)	7.1%
Lease & hire costs	(916)	-2.8%	(1,146)	-2.7%	(230)	20.1%
Payroll costs	(11,490)	-34.8%	(13,154)	-31.2%	(1,664)	-12.7%
Other provisions and costs	(1,134)	-3.4%	(681)	-1.6%	453	-66.5%
Other revenues	1,043	3.2%	1,199	2.8%	(156)	-13.0%
EBITDA	**(1,948)**	**-5.9%**	**(425)**	**-1.0%**	**(1,523)**	**358.4%**
Depreciation & Amortization	(3,430)	-10.4%	(3,777)	-9.0%	(347)	9.2%
EBIT	**(5,378)**	**-16.3%**	**(4,202)**	**-10.0%**	**(1,176)**	**28.0%**
Share of associates' profit at equity	29	0.1%	(32)	-0.1%	(61)	190.6%
Finance expense	(1,016)	-3.1%	(2,067)	-4.9%	(1,051)	50.8%
Finance income	1,802	5.5%	1,548	3.7%	254	16.4%
Profit before tax	**(4,563)**	**-13.8%**	**(4,753)**	**-11.3%**	**190**	**4.0%**
Income tax	3	0.0%	305	0.7%	302	99.0%
Net profit before minority interest	**(4,560)**	**-13.8%**	**(4,448)**	**-10.5%**	**(112)**	**2.5%**
Minority interest	**0**	**0.0%**	**0**	**0.0%**	**0**	**n/a**
Group net profit (loss)	**(4,560)**	**-13.8%**	**(4,448)**	**-10.5%**	**(112)**	**2.5%**
Base earnings per share	**(0.130)**		**(0.127)**			
Diluted earnings per share	**(0.130)**		**(0.127)**			

(^) Some of the amounts shown in this column do not correspond to those shown in the consolidated half-year financial statements at 30 June 2012, since they reflect the adjustments related to the IAS 19 revised.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€'000)	at June 30, 2013	at December 31, 2012 Restated^	Changes
ASSETS			
Intangible assets	102,448	112,853	(10,405)
Property, Plant and equipment	4,077	4,756	(679)
Investments in affiliate companies	352	275	77
Investments in other companies	258	257	1
Deferred tax assets	1,026	1,083	(57)
Other non-current assets	594	672	(78)
Total non-current assets	**108,755**	**119,896**	**(11,141)**
Inventories	19,427	18,282	1,145
Contracts in progress	0	850	(850)
Trade receivables	17,717	26,641	(8,924)
Income tax receivables	533	362	171
Other current assets	1,961	2,170	(209)
Receivables from affiliates companies	3	0	3
Other current financial assets	101	144	(43)
Cash & cash equivalents	9,613	12,116	(2,503)
Total current assets	**49,355**	**60,565**	**(11,210)**
Total assets	**158,110**	**180,461**	**(22,351)**
LIABILITIES AND EQUITY			
Share capital	8,879	8,879	0
Share premium reserve	136,400	136,400	0
Other reserves	(40,160)	(25,327)	(14,833)
Group shareholders' equity	**105,119**	**119,952**	**(14,833)**
Equity attributable to minority interest	**0**	**0**	**0**
Total shareholders' equity	**105,119**	**119,952**	**(14,833)**
Medium-/long-term borrowing	7,168	10,327	(3,159)
Employee benefit obligations	1,843	1,896	(53)
Deferred tax liabilities	7,914	9,486	(1,572)
Other non-current liabilities	862	846	16
Total non-current liabilities	**17,787**	**22,555**	**(4,768)**
Trade payables	13,303	15,084	(1,781)
Trade payables from affiliates companies	243	0	243
Short-term borrowing	14,200	13,036	1,164
Derivative instruments	231	344	(113)
Income tax liabilities	479	2,103	(1,624)
Other current liabilities	6,748	7,387	(639)
Total current liabilities	**35,204**	**37,954**	**(2,750)**
Total liabilities	**52,991**	**60,509**	**(7,518)**
Total liabilities and equity	**158,110**	**180,461**	**(22,351)**

(^) Some of the amounts shown in this column do not correspond to those shown in the consolidated financial statements at 31 December 2012, since they reflect the adjustments related to the IAS 19 revised.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€'000)	Share capital	Legal reserve	Share premium reserve	Conversion reserve	Other reserves	Cash flow hedge reserve	Actuarial gains/(losses) on defined benefit plans 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, 2012 Restated^	8,879	39	136,400	22,793	(42,949)	(344)	(220)	(523)	(1,340)	(2,783)	119,952	-	119,952
2012 Result allocation	-	-	-	-	(2,783)	-	-	-	-	2,783	-	-	-
Profit (loss) as at June 30, 2013	-	-	-	-	-	-	-	-	-	(4,560)	(4,560)	-	(4,560)
Comprehensive other profit (loss)													
- Hedge transactions	-	-	-	-	-	114	-	-	-	-	114	-	114
- Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	2	-	-	-	2	-	2
- Foreign balance sheets conversion difference	-	-	-	(10,565)				-	-	-	(10,565)	-	(10,565)
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	176	-	-	176	-	176
Comprehensive result	-	-	-	*(10,565)*	-	*114*	*2*	*176*	-	*(4,560)*	*(14,833)*	-	*(14,833)*
Balance as at June 30, 2013	8,879	39	136,400	12,228	(45,732)	(230)	(218)	(347)	(1,340)	(4,560)	105,119	-	105,119

(^) Some of the amounts shown in this row do not correspond to those shown in the consolidated financial statements at 31 December 2012, since they reflect the adjustments related to the IAS 19 revised.

STATEMENT OF CASH FLOW

(€'000)	at June 30, 2013	at December 31, 2012 Restated^	at June 30, 2012 Restated^
Cash flow generated (used) in operations	2,147	7,432	0
Cash flow generated (used) in investment activities	(1,125)	(2,466)	(1,713)
Cash flow generated (absorbed) by financial assets	(1,995)	(4,516)	(1,530)
Net foreign exchange difference	(1,530)	(1,930)	499
Increases (decreases) in cash & cash equivalents	(2,503)	(1,480)	(2,744)
Opening amount in cash & cash equivalents	12,116	13,596	13,596
Cash & cash equivalents at end of period	9,613	12,116	10,852

(^) Some of the amounts shown in this column do not correspond to those shown in the consolidated financial statements at 31 December 2012 and at 30 June 2012, since they reflect the adjustments related to the IAS 19 revised.

NET FINANCIAL POSITION

(€'000)		at June 30, 2013	at December 31, 2012	at June 30, 2012
Cash & cash equivalents	A	(9,613)	(12,116)	(10,852)
Cash equivalent	**B=A**	**(9,613)**	**(12,116)**	**(10,852)**
Short term borrowing allowed to affiliates companies	C	0	0	0
Other current financial assets	D	(101)	(144)	(100)
Derivative instruments	E	231	344	375
Short-term borrowing	F	14,200	13,036	12,082
Business aggregation liabilities	G	0	0	222
Short-term financial position	**H=C+D+E+F+G**	**14,330**	**13,236**	**12,579**
Short-term net financial position	**I=B+H**	**4,717**	**1,120**	**1,727**
Medium/long term borrowing allowed to affiliates companies	J	0	0	0
Other non current financial assets	K	0	0	(186)
Medium/long term borrowing	L	7,168	10,327	14,123
Medium-/long-term net financial position	**M=J+K+L**	**7,168**	**10,327**	**13,937**
(NET FINANCIAL POSITION) NET DEBT	**N=I+M**	**11,885**	**11,447**	**15,664**

WORKING CAPITAL

(€'000)	at June 30, 2013 (b)	at December 31, 2012 (a)	at June 30, 2012	Changes (b-a)
Inventories	19,427	18,282	21,715	1,145
Contracts in progress	0	850	1,453	(850)
Trade receivables	17,717	26,641	22,353	(8,924)
Receivables from affiliates companies	3	0	0	3
Income tax receivables	533	362	537	171
Other current assets	1,961	2,170	2,499	(209)
Current assets	*39,641*	*48,305*	*48,557*	*(8,664)*
Trade payables	(13,303)	(15,084)	(12,731)	1,781
Trade payables from affiliates companies	(243)	0	0	(243)
Income tax liabilities	(479)	(2,103)	(751)	1,624
Other current liabilities	(6,748)	(7,387)	(7,123)	639
Current liabilities	*(20,773)*	*(24,574)*	*(20,605)*	*3,801*
Net working capital	**18,868**	**23,731**	**27,952**	**(4,863)**