PRESS RELEASE

EUROTECH: THE BOARD OF DIRECTORS APPROVES THE 2012 STATUTORY AND CONSOLIDATED FINANCIAL STATEMENTS

Amaro (UD), 15 March 2013

- Consolidated revenues: from €93.81 million to €93.63 million
- Consolidated gross profit: from €46.54 million to €48.98 million
- Consolidated EBITDA: from €3.09 million to €8.00 million
- Consolidated EBIT: from €-4.87 million to €-0.03 million
- Consolidated pre-tax loss: from €-6.61 million to €-0.27 million
- Group net loss: from €-7.25 million to €-2.78 million
- Net debt: from €14.33 million to €11.45 million
- Group shareholders' equity: €120.2 million
- Eurotech S.p.A.: net loss from €-18.49 million to €-0.42 million

The Board of Directors of Eurotech S.p.A has today examined and approved the draft Statutory Financial Statements and Consolidated Financial Statements at 31 December 2012, and these will be presented to the Ordinary Shareholders' Meeting.

The measures taken in previous years, and during the present year, allowed the Eurotech Group to reach a break-even operating point in 2012. The policy of controlling costs and paying attention to the operating efficiency of the organisation enabled this result to be achieved which allows a very positive outlook for the next few years. The target reached is even more significant considering that Eurotech has continued to invest in innovation and to develop its business in new sectors and new markets, by rationalising its range of products and services and seeking new local and global partnerships.

Group revenues were largely unchanged from the one year to the next and totalled €93.63 million in 2012, compared with €93.81 million in 2011. This slight drop is due to the ongoing unfavourable economic situation, which makes the business dynamic variable; periods of stagnation follow periods of acceleration and being agile and flexible is essential in order to grasp any opportunities which present themselves, maintaining at the same time operating efficiency.

The geographic coverage on three continents continued to be a plus for Eurotech in absolute and perspective terms, since it maximised the likelihood of grasping business opportunities where they are created and allowed the effects of temporary stagnations in specific geographic areas, also related to political and monetary uncertainties, to be mediated.

As far as the different Geographic areas in which the Group operates are concerned, in spite of the macroeconomic scenario, in 2012 and over the last four months of the year in particular, the American area saw growth in orders collection. Over the last few months, in fact, we were able to announce an important contract in terms of both size and prestige, with SAIC for a Positive Train Location (PTL) project. This contract on its own has a total estimated value of 60 million dollars over three years and this gives us good reason to hope for a positive trend in turnover in the American area. Deliveries will increase gradually over 2013.

Looking at the European area, the ongoing financial crisis and pressures on the single currency have limited the ability and desire of companies and governments to invest in new development programmes. In our opinion Europe remains an area with good potential, even if in this historic period this potential is struggling to emerge, which has inevitable repercussions on the overall turnover generated in Europe.

The economy of Japan was affected by a strong Yen, which hindered the post-earthquake recovery. Overall this market showed stability and we believe that for 2013 there are good prospects for a more favourable change in the Yen versus the Dollar and Euro.

The gross profit margin saw a marked improvement compared with 2011: it amounts to 52.3% compared with 49.6% last year. The good result goes way beyond the benchmark of 50% set by management and is due to two main factors: on the one hand, the careful management of purchases of materials and inventories and, on the other, the physiological changes in the margin depending on the mix of products sold, which shows a different margin according to the type, the sectors in which they are used and the markets where they are sold.

The performance of the gross profit margin in percentage terms, also noticeable in current orders, confirms Eurotech's reputation among Clients of being able to offer high added-value solutions.

In the period in question, before adjustments for internal increases but net of non-recurring costs of €0.91 million for 2011, operating costs decreased by €1.63 million, benefitting the break-even point; overall, operating costs dropped by €46.46 million (accounting for 49.5% of revenues) to €43.92 million (accounting for 46.9% of revenues).

This considerable reduction in costs is the result of measures taken to rationalise the operating structure carried out in previous years, particularly in 2011 and 2012. The measures taken by management enabled the operating leverage to be significantly lowered, despite the negative influence of exchange rate trends meant that the efforts made to contain fixed costs were not fully apparent in Euro amounts, which show even more considerable savings when analysed in the one currency.

Alongside the rationalisation of the structure, investments continued in innovation and development which are expected to provide a return in the next quarters. The current structure, despite having reduced over the last few years, on the whole remains able to sustain higher levels of turnover compared with those reached in 2012 and is therefore ready to sustain organic growth.

EBITDA amounted to €8.00 million, with a considerable increase of €4.91 million compared with 2011 which reported EBITDA of €3.09 million. In 2012 EBITDA accounted for 8.5% of revenues, versus EBITDA in 2011 which accounted for 3.3%. The difference between one period and the other is chiefly due to the increase in the gross profit margin and the containment of operating costs, in addition to the lack of non-recurring events.

EBIT awarded the huge efforts made over the last few years and showed a break-even result (€-0.03 million), compared with a loss of €-4.87 million in 2011. EBIT therefore accounted for 0% of revenues, compared with -5.2% in 2011. In 2012 EBIT was affected by the trend in EBITDA previously mentioned and by the amortisation and depreciation expensed to the income statement in 2012. Non-monetary effects due to the PPA of acquisitions of Eurotech Inc. (formerly Applied Data Systems Inc. and formerly Arcom Control Systems Inc.), of Dynatem Inc. and of Advanet Inc, on EBIT were €3.79 million in the 2012 reporting period, compared with €3.45 million in 2011.

In 2012 there was a pre-tax loss of only €0.27 million (in 2011 it was €6.61 million). This change was affected by both the reasons set out above and the change in the financial operations with a positive impact of €0.98 million of the exchange difference due to the trend in foreign currencies. The effect of PPA on the pre-tax result was €3.79 million in 2012 (€3.45 million in 2011).

The group net loss came to €-2.78 million as a result of the tax burden on the Group's various units, which is nonetheless a marked improvement compared with €-7.25 million in 2011. The total effects resulting from the purchase price allocation on the Group's net result for 2012 were €2.23 million (2011: €1.08 million).

At 31 December 2012 the Group had net financial debt of €11.45 million, compared with €14.33 million at the end of 2011. This improvement is the result of the measures taken and the change in the margins mentioned above, which generated higher positive cash flows from operations than those from investment and financing activities.

The Group's shareholders' equity, which is the same as consolidated shareholders' equity since there are no third party interests, amounted to €120.17 million (2011: €135.04 million).

Statutory Financial Statements of the Eurotech S.p.A. Parent Company

Revenues amounted to €13.30 million, compared with 13.36 million in 2011, down by 0.4%. The net result was €-0.42 million, compared with €-18.49 million in 2011. The result of the previous year had been influenced by impairments of shareholdings amounting to €13.54 million, which would not have affected the consolidated result. Net shareholders' equity at 31 December 2012 was €88.80 million, vs. €89.19 million in 2011. In 2012 the Parent company recorded net financial debt of €3.8 million vs. €7.5 million at the end of 2011.

Pursuant to Article 154-bis, Paragraph 2, of the Italian Consolidated Finance Act (TUF), the Financial Reporting Manager, 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 Board has also approved the Report on Corporate Governance, which also contains information on the ownership structure pursuant to Article 123-bis of the TUF which will be published in line with the planning set out by law.

***

In line with the new provisions of paragraphs 1 and 1-bis of Article 154-ter of the TUF, the annual financial report comprising the draft statutory financial statements, consolidated financial statements, the report on operations, the report on corporate governance and the declaration of the Corporate Financial Reporting Manager, together with the reports of the independent auditing firms and the Board of Statutory Auditors, will be published no later than 30 March 2013.

THE EUROTECH GROUP
Eurotech (ETH.MI) is a global company that integrates hardware, software, services and expertise 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 sensors, embedded platforms, sub-systems, ready-to-use devices and high-performance computers to market, specialising in the defence, transport, 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 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 Press Office
Cristiana della Zonca
Tel: +39 0433 485411
e-mail: cristiana.dellazonca@eurotech.com

ANNEXES – FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

OPERATING RESULTS (€/000)	FY 2012	%	FY 2011	%
Revenues from sales of products and services	93,627	100.0%	93,806	100.0%
Cost of materials	(44,644)	-47.7%	(47,266)	-50.4%
Gross profit	**48,983**	**52.3%**	**46,540**	**49.6%**
Service costs	(14,813)	-15.8%	(16,483)	-17.6%
Lease & hire costs	(2,245)	-2.4%	(2,464)	-2.6%
Payroll costs	(24,956)	-26.7%	(25,378)	-27.1%
Non recurrent (costs) revenues	0	0.0%	(910)	-1.0%
Other provisions and other costs	(1,911)	-2.0%	(1,229)	-1.3%
Other revenues	2,945	3.1%	3,014	3.2%
Profit before depreciation and amortization (EBITDA)	**8,003**	**8.5%**	**3,090**	**3.3%**
Depreciation & amortisation	(7,955)	-8.5%	(7,708)	-8.2%
Asset impairment	(82)	-0.1%	(257)	-0.3%
Operating profit (EBIT)	**(34)**	**0.0%**	**(4,875)**	**-5.2%**
Share of associates' profit of equity	(56)	-0.1%	123	0.1%
Finance expense	(2,605)	-2.8%	(7,840)	-8.4%
Finance income	2,424	2.6%	5,979	6.4%
Profit before taxes	**(271)**	**-0.3%**	**(6,613)**	**-7.0%**
Income tax	(2,512)	-2.7%	(633)	-0.7%
Net profit (loss) before minority inerest	**(2,783)**	**-3.0%**	**(7,246)**	**-7.7%**
Minority interest	**0**	**0.0%**	**0**	**0.0%**
Group net profit (loss) for period	**(2,783)**	**-3.0%**	**(7,246)**	**-7.7%**
Base earnings (losses) per share	**(0.079)**		**(0.206)**	
Diluted earnings (losses) per share	**(0.079)**		**(0.206)**	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€'000)	at December 31, 2012	at December 31, 2011
ASSETS		
Intangible assets	112,853	125,922
Property, Plant and equipment	4,756	5,897
Investments in affiliate companies	275	278
Investments in other companies	257	270
Deferred tax assets	1,083	1,439
Other non current financial assets	0	226
Other non-current assets	672	843
Total non-current assets	**119,896**	**134,875**
Inventories	18,282	23,734
Contracts in progress	850	2,356
Trade receivables	26,641	26,724
Income tax receivables	362	938
Other current assets	2,170	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	144	0
Cash & cash equivalents	12,116	13,596
Total current assets	**60,565**	**71,258**
Total assets	**180,461**	**206,133**
LIABILITIES AND EQUITY		
Share capital	8,879	8,879
Share premium reserve	136,400	136,400
Other reserves	(25,107)	(10,236)
Group shareholders' equity	**120,172**	**135,043**
Equity attributable to minority interest	**0**	**0**
Total shareholders' equity	**120,172**	**135,043**
Medium-/long-term borrowing	10,327	10,482
Employee benefit obligations	1,676	1,718
Deferred tax liabilities	9,486	12,111
Other non-current liabilities	846	1,586
Total non-current liabilities	**22,335**	**25,897**
Trade payables	15,084	18,388
Short-term borrowing	13,036	17,253
Derivative instruments	344	376
Income tax liabilities	2,103	1,731
Other current liabilities	7,387	7,229
Business combination liabilities	0	216
Total current liabilities	**37,954**	**45,193**
Total liabilities	**60,289**	**71,090**
Total liabilities and equity	**180,461**	**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 December 31, 2012	-	-	-	-	-	-	-	-	(2,783)	(2,783)	-	(2,783)
Comprehensive other profit (loss)												
- Hedge transactions	-	-	-	-	-	32	-	-	-	32	-	32
- Foreign balance sheets conversion difference	-	-	-	(11,721)			-	-	-	(11,721)	-	(11,721)
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	(399)	-	-	(399)	-	(399)
Comprehensive result	-	-	-	*(11,721)*	-	*32*	*(399)*	-	*(2,783)*	*(14,871)*	-	*(14,871)*
Balance as at December 31, 2012	8,879	39	136,400	22,793	(42,949)	(344)	(523)	(1,340)	(2,783)	120,172	-	120,172

SUMMARY CONSOLIDATED CASH FLOW STATEMENTS

(€'000)	at December 31, 2012	at December 31, 2011
Cash flow generated (used) in operations	7,432	1,063
Cash flow generated (used) in investment activities	(2,466)	(8,420)
Cash flow generated (absorbed) by financial assets	(4,516)	(4,123)
Net foreign exchange difference	(1,930)	1,325
Increases (decreases) in cash & cash equivalents	(1,480)	(10,155)
Opening amount in cash & cash equivalents	13,596	23,751
Cash & cash equivalents at end of period	12,116	13,596

NET FINANCIAL POSITION

(€'000)		at December 31, 2012	at December 31, 2011
Cash & cash equivalents	A	(12,116)	(13,596)
Cash equivalent	**B=A**	**(12,116)**	**(13,596)**
Short term borrowing allowed to affiliates companies	C	0	(178)
Other current financial assets	D	(144)	0
Derivative instruments	E	344	376
Short-term borrowing	F	13,036	17,253
Business aggregation liabilities	G	0	216
Short-term financial position	**H=C+D+E+F+G**	**13,236**	**17,667**
Short-term net financial position	**I=B+H**	**1,120**	**4,071**
Medium/long term borrowing allowed to affiliates companies	J	0	0
Other non current financial assets	K	0	(226)
Medium/long term borrowing	L	10,327	10,482
Medium-/long-term net financial position	**M=J+K+L**	**10,327**	**10,256**
(NET FINANCIAL POSITION) NET DEBT	**N=I+M**	**11,447**	**14,327**

WORKING CAPITAL

(€'000)	at December 31, 2012 (b)	at December 31, 2011 (a)	Changes (b-a)
Inventories	18,282	23,734	(5,452)
Contracts in progress	850	2,356	(1,506)
Trade receivables	26,641	26,724	(83)
Receivables from affiliates companies	0	1,163	(1,163)
Income tax receivables	362	938	(576)
Other current assets	2,170	2,569	(399)
Current assets	*48,305*	*57,484*	*(9,179)*
Trade payables	(15,084)	(18,388)	3,304
Income tax liabilities	(2,103)	(1,731)	(372)
Other current liabilities	(7,387)	(7,229)	(158)
Current liabilities	*(24,574)*	*(27,348)*	*2,774*
Net working capital	**23,731**	**30,136**	**(6,405)**