EUROTECH

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# Consolidated Interim Management Report
at 31 March 2013

*This document has been translated into English for the convenience of readers outside Italy. The original Italian document should be considered the authoritative version.*

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This report is available online
in the 'Investors' section of
www.eurotech.com

EUROTECH S.p.A.
Registered offices: Via Fratelli Solari 3/A, Amaro (Udine), Italy
Paid-in share capital: EUR 8,878,946 fully paid in
Tax code and
Udine Company Register no.: 01791330309

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# Company information

| Board of Directors | |
|---|---|
| Chairman | Roberto Siagri |
| Vice Chairman | Giampietro Tecchiolli |
| Director | Sandro Barazza [1,2] |
| Director | Giovanni Bertolone [2] |
| Director | Giancarlo Grasso [2] |
| Director | Chiara Mio [2,3,4] |
| Director | Maria Cristina Pedicchio [2,3,4] |
| Director | Cesare Pizzul [2,3,4,5] |
| Director | Giovanni Soccodato [2] |

The Board of Directors currently in office was appointed by shareholders at the Annual General Meeting of 28 April 2011, and will remain in office until approval of the financial statements for the year ending 31 December 2013.

| Board of Statutory Auditors | |
|---|---|
| Chairman | Claudio Siciliotti |
| Statutory Auditor | Michela Cignolini |
| Statutory Auditor | Giuseppe Pingaro |
| Substitute Auditor | Lorenzo Ginisio |
| Substitute Auditor | Michele Testa |

The Board of Statutory Auditors currently in office was appointed by shareholders at the Annual General Meeting of 28 April 2011, and will remain in office until the approval of the financial statements for the year ending 31 December 2013.

| Independent Auditor | |
|---|---|
| | Reconta Ernst & Young S.p.A. |

The independent auditor was appointed for the three-year period 2005-2007 by shareholders at the Annual General Meeting of 21 July 2005. This term was extended by shareholders for the period 2008-2013 at the Annual General Meeting on 7 May 2007.

| Corporate name and registered offices of the parent company | |
|---|---|
| | Eurotech S.p.A.<br>Via Fratelli Solari 3/A<br>33020 Amaro (UD), Italy<br>Udine Companies<br>Register number 01791330309 |

[1] Corporate Financial Reporting Manager as from 29 May 2008.
[2] Non-executive directors.
[3] Member of the Remuneration Committee, the Internal Control Committee and the Committee for Related Party Transactions.
[4] Independent Directors pursuant to the Corporate Governance Code issued by the Italian Corporate Governance Committee for Listed Companies.
[5] Lead Independent Director.

# Performance highlights

## *Income statement highlights*

| (€'000) | | 1Q 2013 | % | 1Q 2012 | % | % change |
|---|---|---|---|---|---|---|
| **OPERATING RESULTS** | | | | | | |
| SALES REVENUES | | 14,585 | 100.0% | 20,394 | 100.0% | -28.5% |
| GROSS PROFIT MARGIN | (*) | 8,146 | 55.9% | 10,554 | 51.8% | -22.8% |
| EBITDA | (***) | (920) | -6.3% | 199 | 1.0% | 562.3% |
| EBIT | (****) | (2,590) | -17.8% | (1,706) | -8.4% | -51.8% |
| PROFIT (LOSS) BEFORE TAXES | | (1,695) | -11.6% | (1,488) | -7.3% | -13.9% |
| GROUP NET PROFIT (LOSS) FOR THE PERIOD | | (1,729) | -11.9% | (1,524) | -7.5% | -13.5% |

## *Income statement net of the accounting effects of purchase price allocation*

| (€'000) | | 1Q 2013 adjusted | % | 1Q 2012 adjusted | % | % change |
|---|---|---|---|---|---|---|
| **OPERATING RESULTS** | | | | | | |
| SALES REVENUES | | 14,585 | 100.0% | 20,394 | 100.0% | -28.5% |
| GROSS PROFIT MARGIN | (*) | 8,146 | 55.9% | 10,554 | 51.8% | -22.8% |
| EBITDA | (**) | (920) | -6.3% | 199 | 1.0% | 562.3% |
| EBIT | (***) | (1,763) | -12.1% | (773) | -3.8% | -128.1% |
| PROFIT (LOSS) BEFORE TAXES | | (868) | -6.0% | (555) | -2.7% | -56.4% |
| GROUP NET PROFIT (LOSS) FOR THE PERIOD | | (1,227) | -8.4% | (975) | -4.8% | -25.8% |

For a breakdown of effects arising from purchase price allocation, see the notes on page 12.

(*) Gross profit = difference between revenues from sale of products and services and consumption of raw materials.
(**) EBITDA, an intermediate figure, is earnings before amortisation, depreciation and impairment of non-current assets, financial income and expenses, the valuations of affiliates at equity and of income taxes for the period. This is a measure used by the Group to monitor and assess its operating performance. Since the composition of EBITDA is not regulated by the reference accounting standards, the determination criteria applied by the Group may not be the same as that used by others and may therefore not be comparable.
(***) EBIT, or earnings before financial income and expenses, the valuations of affiliates at equity and income taxes for the period.

### *Balance sheet and financial highlights*

| €'000 | at March 31, 2013 | at December 31, 2012 | at March 31, 2012 |
|---|---|---|---|
| NET NON-CURRENT ASSETS | 115,005 | 119,896 | 126,538 |
| NET WORKING CAPITAL | 24,711 | 23,731 | 29,942 |
| NET INVESTED CAPITAL* | 128,485 | 131,619 | 141,752 |
| SHAREHOLDERS' EQUITY | 114,245 | 120,172 | 123,414 |
| NET FINANCIAL POSITION | 14,240 | 11,447 | 18,338 |

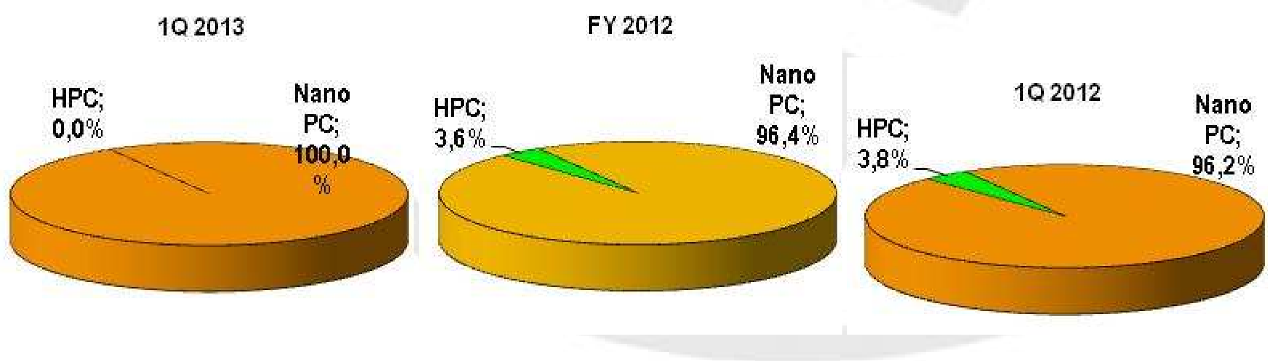
(*) Non-current non-financial assets, plus working capital, less non-current non-financial liabilities.

### *Employee headcount*

| | at March 31, 2013 | at December 31, 2012 | at March 31, 2012 |
|---|---|---|---|
| NUMBER OF EMPLOYEES | 411 | 420 | 438 |

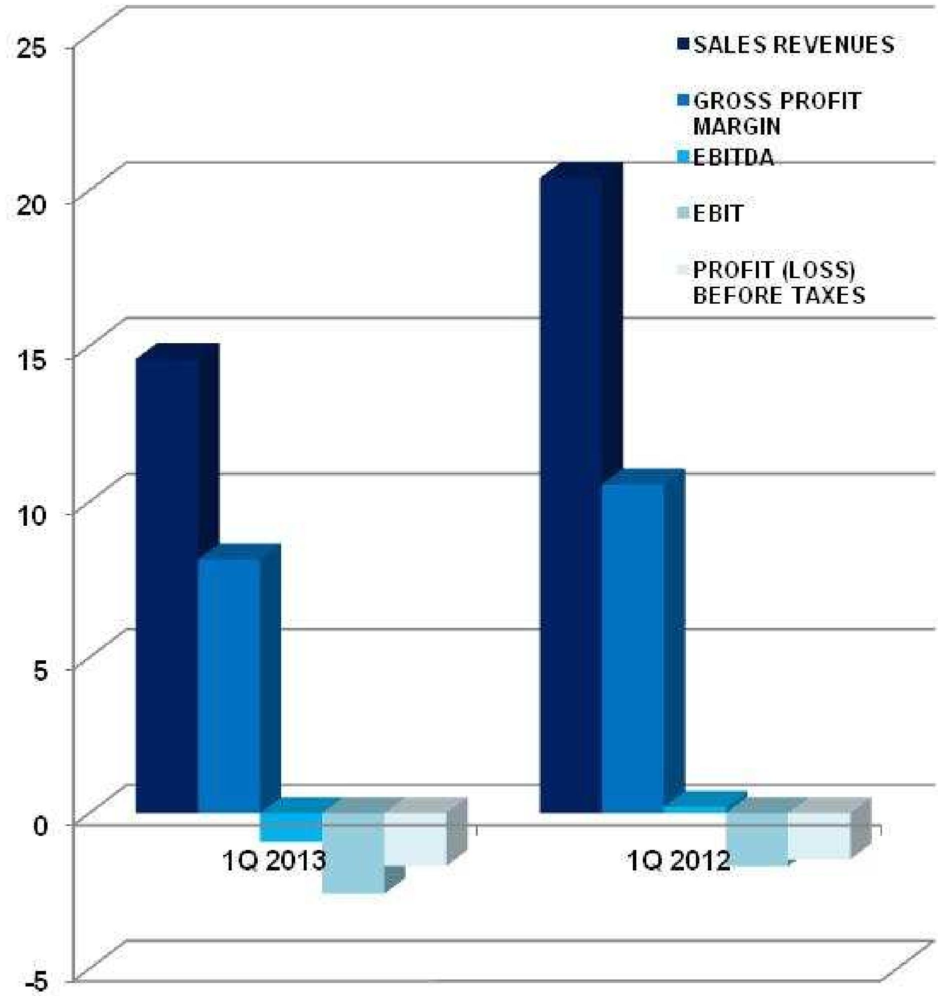
## ***Revenues by business line***

| (€'000) | NanoPC | | | | High Performance Computer | | | | Total | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q 2013 | 1Q 2012 | % YoY Change | FY 2012 | 1Q 2013 | 1Q 2012 | % YoY Change | FY 2012 | 1Q 2013 | 1Q 2012 | % YoY Change | FY 2012 |
| Sales revenues | 14,584 | 19,623 | -25.7% | 90,255 | 1 | 771 | -99.9% | 3,372 | 14,585 | 20,394 | -28.5% | 93,627 |




The business lines covered by the Group are 'NanoPCs' and 'HPCs' (high performance computers). The NanoPC line comprises miniaturised electronic modules and systems for the transport, defence, security, logistics, medical and industrial sectors, while the HPC line consists of highly energy-efficient supercomputers featuring high computing capacity, which has in the past targeted universities and research institutes, and now also has applications in services and industry.

## *Performance*



# Information for shareholders

The ordinary shares of Eurotech S.p.A., the Parent Company of the Eurotech Group, have been listed in the STAR segment of the Milan stock market since 30 November 2005.

***Share capital of Eurotech S.p.A. at 31 March 2013***

| | |
|---|---|
| Share capital | €8,878,946.00 |
| Number of ordinary shares (without nominal unit value) | 35,515,784 |
| Number of savings shares | - |
| Number of Eurotech S.p.A. treasury shares | 420,410 |
| Stock market capitalisation (based on the share's average price in March 2013) | €42 million |
| Stock market capitalisation (based on the share's reference price at 31 March 2013) | €43 million |

***Performance of Eurotech S.p.A. shares***

Absolute performance of EUROTECH S.p.A. shares
01.01.2013 – 31.03.2013

The line graph shows the share's performance based on daily reference prices


The candle chart shows the share's daily maximum and minimum prices

# The Eurotech Group

Eurotech is a global company with a strong international focus, which generates sales on three continents. It's a Group that has operating locations in Europe, North America and Asia, led and coordinated by the headquarters in Italy.

The technological paradigm followed by Eurotech is 'pervasive computing' or 'ubiquitous computing'. The pervasive concept combines three key factors: miniaturisation of 'intelligent' devices, i.e. devices capable of processing information; their spread in the real world – inside buildings and equipment, on board vehicles, worn by people, and disseminated in the environment; and their ability to connect with each other through a network and communicating.

Within this overall vision, Eurotech works on the research, development, engineering and marketing of special-purpose miniaturised computers (NanoPCs) and of high-performance, high energy efficiency supercomputers (HPCs). NanoPCs and HPCs are the two major classes of devices that, by connecting to and co-operating with each other, form that pervasive computing infrastructure that historically we have referred to as "pervasive computing grid" and that now we call "Internet of Things".

In the NanoPC segment, the Group's offering differs according to the positions of the various products in the value stack. The NanoPC is typically a miniature computer that can take the form of:

- an embedded board (i.e. placed inside a device or system), often used as a component of OEM products
- an application-ready subsystem or platform, used as element of integrated systems
- a ready-to-use device, employed in a great variety of application settings, often as support for the provision of value-added services.

All these NanoPCs have wireline or wireless communication channels to ensure their interconnection. It is this combination of computing and communication capabilities that makes Eurotech's NanoPCs key elements of the pervasive scenario that the company wants to create.

The Group's NanoPC offering is used in many types of applications, both conventional and emerging. Eurotech is most active in the transport, defence, security, logistics, industrial and medical sectors. The aspect common to many of our customers in all these sectors is they are seeking not only a supplier but also a centre of technological competence – and they often see in Eurotech a partner for innovating their products and their way of doing business. They choose Eurotech because they want to minimise the Total Cost of Ownership of their projects or systems. They want to reduce their Time-To-Market and focus on their core businesses. They often need solutions for harsh operating conditions and for mission-critical applications, or supplies assured for long periods.

In the HPC segment, Eurotech designs and creates green supercomputers with huge computing capacity in a small space, created via mass and parallel connection of high-performance miniaturised computers. These supercomputers – in the past aimed at cutting-edge research institutes, computing centres, and universities – are turning out to be indispensable in advanced sectors such as nanotechnology, biotechnology and cyber security. We also expect them to have a significant impact also in the medical and industrial fields in the near future.

While we continue to enhance our established NanoPC and HPC offering, we more and more address the challenge of creating end-to-end solutions to seamlessly interconnect distributed smart objects and move valuable data between machines, leveraging on the Cloud IT infrastructure.

With a tiny, connected computer attached, any object can generate a data stream and potentially become an asset monitored via the web: from a vending machine to a money bundle, from an agricultural vehicle to a rail crossing. But to create the so-called Internet of Things you must manage the interface between real world and digital world, between sensors and web, between devices and Cloud.

At Eurotech, we know how to process significant data in real world applications, how to move it into the Cloud and how to make it actionable for business processes and applications. Today, our boards, systems and devices can be easily plug into the Cloud infrastructure, both public or private, through our Everywere Cloud software platform, that quickly connects smart objects to build distributed systems for M2M application. Thanks to our platform, our partners and customers can build flexible solutions that support new value-add services and asset monitoring applications in several operating environments.

# Summary of performance in the first quarter of 2013 and expected business progress

## *Introduction*

The interim management statement of the Eurotech Group at 31 March 2013, which has not been independently audited, and the financial statements for comparative periods were drawn up according to the IASs/IFRSs issued by the International Accounting Board and endorsed by the European Union.

## *Reporting policies*

The consolidated financial statements were drafted on the basis of financial statements to 31 March 2013 prepared by the consolidated companies and adjusted, where necessary, to align them with the Group's IFRS-compliant accounting and classification policies.
The accounting standards and consolidation methods used to prepare the consolidated quarterly report are consistent with those used in the Group's consolidated financial statements to 31 December 2012, to which readers are invited to refer. Taxes have been calculated based on the best possible estimates. According to the criterion used for translation into euro of accounts expressed in different currencies, balance sheets are translated at the exchange rate in effect on the final day of the accounting period, and income statements are translated at the average exchange rate for the period. Differences arising from translation of the balance sheets and income statements are posted to a balance sheet reserve.

Unless otherwise specified, the financial statements, tables and explanatory notes are expressed in thousands of euro (€'000).

In accordance with CONSOB requirements, income statement figures are shown for the quarter under review and are compared with data for the same period in the previous financial year (FY). Restated balance sheet figures, which refer to the closing date of the quarter, are compared with the closing date of the previous FY. The format of the financial statements is the same as that used in the half-yearly report and in the annual financial statements.

This document presents some alternative performance indicators to allow for better evaluation of the Group's economic and financial performance. These are as follows:
- Gross profit, or the difference between revenues from sales and services and use of materials
- EBITDA, or earnings before amortisation, depreciation and write-downs, financial income and expenses, the valuations of affiliates at equity and income taxes for the period
- EBIT, or earnings before financial income and expenses, the valuations of affiliates at equity and income taxes for the period.

## *Operating performance in the period*

The quarter just ended was characterised on the one hand by lower revenues compared with historical trends and on the other by a further step towards reducing operating costs. The Group's main objective during this period can be summarised by the breakeven result; despite the efforts made on costs up to now, due to revenue performance this objective is still not noticeable in this first quarter, but remains valid for the year in full.
Group revenues for 1Q13 were €14.59 million compared to €20.40 million in 1Q12. Revenues were heavily influenced by the requirements of customers who requested orders to be scheduled for the second half of the year both in the American area and in the Japanese area. This phenomenon, together with the ongoing economic downturn in the European market, had a negative effect on the Group's operating and financial results.
On the other hand, new orders remained in line with forecasts and existing orders and contracts enable us to continue to see the current year in a positive light beyond the result obtained in the first quarter, which is not historically representative of overall performance and accounts for very little of the result for the entire year.
In view of the above, the Company's Management believes that the results of the quarter can be compensated for over the coming quarters, in particular in the last quarter of the year, which traditionally accounts for most revenues and which this year will feature a higher proportion sales due to a large part of existing contracts and orders being scheduled to take place during that period.
In general the US market confirms the positive signs seen in 2012. Looking at the Japanese market, the forecasts for 2013 are a weaker Yen in relation to other currencies and this should give fresh impetus to our customers in this area in the medium term, who rely heavily on exports in addition to the domestic market; in the short term, however, the first visible effect of the weaker Yen will be lower revenues in the area in Euro. Finally, Europe also shows a rather uncertain situation with poor visibility on future developments due to the turbulence in countries belonging to the Euro zone.
In view of this global situation the Eurotech Group is continuing to invest in the products and in the efficiency of its units and is technologically ready to meet innovation needs in any market and in any geographical area. Without stopping investments needed to support the Group's competiveness, the necessary cost containment enabled the lower revenues registered in the first quarter to be curbed, limiting their effect on the operating margin.

Before commenting in detail on income statement figures, we must point out that some of them reflect the effects of recognition in accounts of purchase price allocation[A] (PPA) relating to the business combinations of Applied Data Systems Inc. (now Eurotech Inc.), of Dynatem Inc. and of Advanet Inc.

The following is a summary of interim results with and without the effects of PPA:
- EBIT would have come out at €-1.76 million, rather than €-2.59 million
- the pre-tax loss would have been €-0.87 million, rather than €-1.69 million
- the consolidated net loss would have been €-1.23 million rather than €1.73 million.

Without doubt a positive result for this quarter was the gross margin which was higher than expectations, due to the increased sales of high added-value products and services compared to that achieved in the past.

A More specifically, the effects of recognition in accounts of PPA relating to the business combinations concerning the Applied Data Systems Inc., Dynatem Inc. and Advanet Inc. are as follows

- depreciation, amortisation and impairment: €827 thousand (€933 thousand at 31 March 2012), equal to the higher amortisation charged to the higher value attributed to customer relationships (intangible assets). In both periods, the higher amortisation is attributable to the higher values assigned to the Eurotech Inc. cash generating unit (formerly Applied Data Systems Inc. and Arcom Corntrol Systems Inc. in 2011), Dynatem Inc. and Advanet Group..
- lower income taxes: €325 thousand (€384 thousand at 31 March 2012) resulting from the tax effect on adjustments made.

The gross margin of 1Q13 was €8.15 million or 55.9% as a percentage of revenues (compared to 51.8% as a percentage of revenues in 1Q12 and 52.3% at the end of 2012).
As we have noted on other occasions, the periodic change in the gross margin this quarter was also due to the different mix of products sold and the different contribution to sales of the geographic areas in which Eurotech operates. In general these changes are less evident when seen on a yearly basis, where margins have continued to be maintained over 50%, a level which management continues to identify as a benchmark.

In the quarter in question operating costs gross of adjustments decreased by €1.4 million from € 11.0 in 1Q12 to €9.6 million in 1Q13.
This containment of costs had a positive effect on the Group's EBITDA, partially offsetting the negative effect of lower sales.
Due to the performance of revenues mentioned above, the impact of gross operating costs on revenues increased from €54.2% in 1Q12 to 65.6% in 1Q13.

As with revenues, the reduction in operating costs is partly due to the different exchange rate used for translating the financial statements of the foreign companies. That being said, the reduction in costs is mainly a result, as in previous quarters, of the action taken by management to make the Group structure more efficient and lower the activation threshold for operating leverage. Further benefits can be seen throughout the period based on the latest action taken towards the end of 2012 and during this year; due to the traditional distribution of turnover over the quarters, which is expected to be even more disproportionately concentrated in the second quarter, the ratio of fixed costs to turnover is set to fall sharply over 12 months.
The containment of fixed costs and the rationalisation of existing resources remain one of the priorities for Management also this year, in order to achieve the profit targets set at the start of the year.

In the first quarter, EBITDA amounted to €-920 thousand (-6.3% of revenues) compared to €199 thousand for 2012 (1.0% of revenues).

EBIT was €-2.59 million in 1Q13 (-17.8% of revenues): The reduction of €0.90 million by comparison with the 2012 quarter reflects the lower revenues generated which were only partly offset by a reduction in operating costs, depreciation and amortisation.
This performance is tied to the EBITDA result already discussed above. It was also affected by depreciation and amortisation in the income statement in the first quarter of 2013, arising both from operating assets that became subject to depreciation at 31 March 2013 and from PPA effects relating to the acquisitions of Eurotech Inc. (formerly Applied Data Systems Inc.), Dynatem Inc. and Advanet Inc.. The effect on EBIT of the higher values attributed as a result of PPA was €0.83 million in Q1 2013, compared with €0-93 million in Q1 2012.

In 1Q13, the net financial result was €0.90 million compared with €0.21 million in 1Q12. They were affected by the different exchange rates in terms of average values in the periods considered and the reduction in financial charges.
For further details, see explanatory note J.

In the quarter in question the pre-tax loss was €1.69 million, while 1Q12 had a loss of €1.49 million. The reduction of €0.20 million reflects the €0.89 million increase in EBIT, partly offset by a more positive net financial result of €0.69 million.
PPA effects on the pre-tax result amounted to EUR 0.83 million in Q1 2013, compared with EUR 0.93 million in Q1 2011.

The Group net result was €-1.73 million for the quarter (€-1.52 million in 1Q12). The trend, besides reflecting the dynamics of the result before tax, is due to the different tax burden of the Group companies as a whole.

# Financial statements and explanatory notes

The trend in operating performance can be seen in the restated consolidated income statement and is shown below, in both absolute amounts and percentage terms:

## *Consolidated income statement*

| CONSOLIDATED INCOME STATEMENT (€ '000) | Note | 1Q 2013 (b) | % | 1Q 2012 (a) | % | change (b-a) amount | change (b-a) % |
|---|---|---|---|---|---|---|---|
| Sales revenue | C | 14,585 | 100.0% | 20,394 | 100.0% | (5,809) | -28.5% |
| Cost of material | D | (6,439) | -44.1% | (9,840) | -48.2% | (3,401) | 34.6% |
| **Gross profit** | | **8,146** | **55.9%** | **10,554** | **51.8%** | **(2,408)** | **-22.8%** |
| Services costs | E | (3,344) | -22.9% | (3,737) | -18.3% | (393) | -10.5% |
| Lease & hire costs | | (461) | -3.2% | (568) | -2.8% | (107) | 18.8% |
| Payroll costs | F | (5,591) | -38.3% | (6,500) | -31.9% | (909) | 14.0% |
| Other provisions and costs | G | (172) | -1.2% | (246) | -1.2% | (74) | 30.1% |
| Other revenues | H | 502 | 3.4% | 696 | 3.4% | (194) | -27.9% |
| **EBITDA** | | **(920)** | **-6.3%** | **199** | **1.0%** | **(1,119)** | **n.s.** |
| Depreciation & Amortization | I | (1,670) | -11.5% | (1,905) | -9.3% | (235) | -12.3% |
| **EBIT** | | **(2,590)** | **-17.8%** | **(1,706)** | **-8.4%** | **(884)** | **51.8%** |
| Share of associates' profit at equity | | 0 | 0.0% | 9 | 0.0% | 9 | 100.0% |
| Finance expense | J | (1,102) | -7.6% | (1,138) | -5.6% | (36) | -3.2% |
| Finance income | J | 1,997 | 13.7% | 1,347 | 6.6% | 650 | 48.3% |
| **Profit before tax** | | **(1,695)** | **-11.6%** | **(1,488)** | **-7.3%** | **(207)** | **13.9%** |
| Income tax | K | (34) | -0.2% | (36) | -0.2% | (2) | -5.6% |
| **Net profit before minority interest** | | **(1,729)** | **-11.9%** | **(1,524)** | **-7.5%** | **(205)** | **13.5%** |
| **Minority interest** | O | **0** | **0.0%** | **0** | **0.0%** | **0** | **n/a** |
| **Group net profit (loss)** | **O** | **(1,729)** | **-11.9%** | **(1,524)** | **-7.5%** | **(205)** | **13.5%** |
| **Base earnings per share** | | **(0.049)** | | **(0.043)** | | | |
| **Diluted earnings per share** | | **(0.049)** | | **(0.043)** | | | |

| STATEMENT OF COMPREHENSIVE INCOME (€ '000) | Note | 1Q 2013 (b) | 1Q 2012 (a) |
|---|---|---|---|
| **inerest (A)** | | **(1,729)** | **(1,524)** |
| Net profit (loss) from Cash Flow Hedge | | 9 | (29) |
| Tax effect | | *0* | *0* |
| | | *9* | *(29)* |
| Foreign balance sheets conversion difference | | *(4,822)* | *(9,432)* |
| Exchange differences on equity investments in foreign companies | | 615 | (644) |
| Tax effect | | *0* | *0* |
| | | *615* | *(644)* |
| *After tax comprehensive profit (loss) (B)* | | *(4,198)* | *(10,105)* |
| **Comprehensive net result (A+B)** | | **(5,927)** | **(11,629)** |
| **Comprehensive minority interest** | | **0** | **0** |
| **Comprehensive Group net profit (loss) for period** | | **(5,927)** | **(11,629)** |

See notes on page 21.

# Consolidated balance sheet

| (€'000) | Notes | at March 31, 2013 | at December 31, 2012 |
|---|---|---|---|
| **ASSETS** | | | |
| Intangible assets | | 108,512 | 112,853 |
| Property, Plant and equipment | | 4,391 | 4,756 |
| Investments in affiliate companies | | 293 | 275 |
| Investments in other companies | | 262 | 257 |
| Deferred tax assets | | 918 | 1,083 |
| Other non-current assets | | 629 | 672 |
| **Total non-current assets** | L | **115,005** | **119,896** |
| Inventories | | 19,477 | 18,282 |
| Contracts in progress | | 0 | 850 |
| Trade receivables | | 20,222 | 26,641 |
| Income tax receivables | | 173 | 362 |
| Other current assets | | 2,700 | 2,170 |
| Other current financial assets | | 101 | 144 |
| Cash & cash equivalents | | 9,258 | 12,116 |
| **Total current assets** | | **51,931** | **60,565** |
| **Total assets** | | **166,936** | **180,461** |
| | | | |
| **LIABILITIES AND EQUITY** | | | |
| Share capital | | 8,879 | 8,879 |
| Share premium reserve | | 136,400 | 136,400 |
| Other reserves | | (31,034) | (25,107) |
| **Group shareholders' equity** | O | **114,245** | **120,172** |
| **Equity attributable to minority interest** | O | **0** | **0** |
| **Total shareholders' equity** | O | **114,245** | **120,172** |
| Medium-/long-term borrowing | | 10,268 | 10,327 |
| Employee benefit obligations | | 1,634 | 1,676 |
| Deferred tax liabilities | | 8,704 | 9,486 |
| Other non-current liabilities | | 893 | 846 |
| **Total non-current liabilities** | | **21,499** | **22,335** |
| Trade payables | | 11,118 | 15,084 |
| Short-term borrowing | | 12,996 | 13,036 |
| Derivative instruments | | 335 | 344 |
| Income tax liabilities | | 485 | 2,103 |
| Other current liabilities | | 6,258 | 7,387 |
| **Total current liabilities** | | **31,192** | **37,954** |
| **Total liabilities** | | **52,691** | **60,289** |
| **Total liabilities and equity** | | **166,936** | **180,461** |

## Net financial debt

Pursuant to the CESR recommendation of 10 February 2005, the following table shows the Group's net financial debt at 30 September 2012, breaking it down by due date and comparing it with the situation at 30 September 2011 and 31 December 2011:

| (€'000) | | at March 31, 2013 | at December 31, 2012 | at March 31, 2012 |
|---|---|---|---|---|
| Cash & cash equivalents | A | (9,258) | (12,116) | (10,248) |
| **Cash equivalent** | **B=A** | **(9,258)** | **(12,116)** | **(10,248)** |
| Short term borrowing allowed to affiliates companies | C | 0 | 0 | (81) |
| Other current financial assets | D | (101) | (144) | 0 |
| Derivative instruments | E | 335 | 344 | 405 |
| Short-term borrowing | F | 12,996 | 13,036 | 17,808 |
| Business aggregation liabilities | G | 0 | 0 | 210 |
| **Short-term financial position** | **H=C+D+E+F+G** | **13,230** | **13,236** | **18,342** |
| **Short-term net financial position** | **I=B+H** | **3,972** | **1,120** | **8,094** |
| 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 | 10,268 | 10,327 | 10,430 |
| **Medium-/long-term net financial position** | **M=J+K+L** | **10,268** | **10,327** | **10,244** |
| **(NET FINANCIAL POSITION) NET DEBT** | **N=I+M** | **14,240** | **11,447** | **18,338** |

## Working capital

The Group's working capital as at 30 September 2012, compared with the situation at 30 September 2011 and 31 December 2011, is as follows:

| (€'000) | Notes | at March 31, 2013 (b) | at December 31, 2012 (a) | at March 31, 2012 | Changes (b-a) |
|---|---|---|---|---|---|
| Inventories | | 19,477 | 18,282 | 22,249 | 1,195 |
| Contracts in progress | | 0 | 850 | 1,374 | (850) |
| Trade receivables | | 20,222 | 26,641 | 23,556 | (6,419) |
| Receivables from affiliates companies | | 0 | 0 | 71 | 0 |
| Income tax receivables | | 173 | 362 | 501 | (189) |
| Other current assets | | 2,700 | 2,170 | 2,860 | 530 |
| *Current assets* | | *42,572* | *48,305* | *50,611* | *(5,733)* |
| Trade payables | | (11,118) | (15,084) | (13,327) | 3,966 |
| Income tax liabilities | | (485) | (2,103) | (959) | 1,618 |
| Other current liabilities | | (6,258) | (7,387) | (6,383) | 1,129 |
| *Current liabilities* | | *(17,861)* | *(24,574)* | *(20,669)* | *6,713* |
| **Net working capital** | M | **24,711** | **23,731** | **29,942** | **980** |

## *Cash flow*

| (€'000) | at March 31, 2013 | at December 31, 2012 | at March 31, 2012 |
|---|---|---|---|
| Cash flow generated (used) in operations | (1,685) | 7,432 | (1,544) |
| Cash flow generated (used) in investment activities | (538) | (2,466) | (515) |
| Cash flow generated (absorbed) by financial assets | (56) | (4,516) | 503 |
| Net foreign exchange difference | (579) | (1,930) | (1,792) |
| Increases (decreases) in cash & cash equivalents | (2,858) | (1,480) | (3,348) |
| Opening amount in cash & cash equivalents | 12,116 | 13,596 | 13,596 |
| Cash & cash equivalents at end of period | 9,258 | 12,116 | 10,248 |

## A – Eurotech Group business

The Eurotech Group operates in the segments of miniaturised computers for special uses (NanoPCs) and supercomputers with energy efficient high-performance computing capability (HPCs).

The NanoPC business line comprises miniaturised electronic modules and systems, currently targeting the transport, industrial, defence, security, medical and logistics sectors.
Activity in this segment is carried out by Eurotech S.p.A., I.P.S. Sistemi Programmabili Srl and SAEE Srl, which mainly operate in Italy, as well as Parvus Corp., Dynatem Inc. and Eurotech Inc. (USA), which mainly operate in the US, Eurotech Ltd (United Kingdom), which mainly operates in the UK, Eurotech France SAS (France), which mainly operates in France, and Advanet Inc. (Japan), which mainly operates in Japan. Our NanoPC products are marketed under the trademarks Eurotech, Parvus, Dynatem, IPS and Advanet.

The HPC line consists of supercomputers currently targeting universities, research institutes and data-processing centres.

Eurotech shares (ETH.MI) have been listed on the STAR segment of Borsa Italiana (the Italian stock exchange) since 30 November 2005.

## B – Basis of consolidation

The companies included in the basis of consolidation on a line-by-line basis at 30 September 2012 are as follows:

| Company name | Registered office | | Share capital | Group % ownership |
|---|---|---|---|---|
| *Parent company* | | | | |
| Eurotech S.p.A. | Via Fratelli Solari, 3/A – Amaro (UD) | € | 8,878,946 | |
| *Subsidiary companies consolidated line-by-line* | | | | |
| Dynatem Inc. | Mission Viejo (USA) | USD | 1,000 | 100.00% |
| ETH Devices S.r.o. | Bratislava (Slovakia) | € | 10,000 | 100.00% |
| Eurotech Inc. | Columbia (USA) | USD | 26,500,000 | 100.00% |
| Eurotech Ltd. | Cambridge (UK) | GBP | 33,333 | 100.00% |
| E-Tech USA Inc. | Columbia (USA) | USD | 8,000,000 | 100.00% |
| Eurotech France S.A.S. | Venissieux Cedex (France) | € | 795,522 | 100.00% |
| I.P.S. Sistemi Programmabili S.r.l. | Via Piave, 54 – Caronno Varesino (VA) | € | 51,480 | 100.00% |
| Parvus Corp. | Salt Lake City (USA) | USD | 119,243 | 100.00% |
| Saee S.r.l. | Via Fratelli Solari, 5 Amaro (UD) | € | 15,500 | 100.00% |
| EthLab S.r.l. | Via Dante, 300 – Trento | € | 115,000 | 99.99% |
| Advanet Inc. | Okayama (Japan) | JPY | 72,440,000 | 90.00% (1) |

(1) Officially, the Group owns 90% of the company, but as Advanet holds 10% of the share capital in the form of treasury shares, it is fully consolidated.

| *Subsidiaries valued at equity* | | |
|---|---|---|
| Delos S.r.l. in liquidation | Via Roberto Cozzi 53 – Milan | 40.00% |
| Chengdu Vantron Technology Inc. | Chengdu (China) | 38.00% |
| eVS embedded Vision Systems S.r.l. | Ca' Vignal2, Strada Le Grazie 15 – Verona | 24.00% |
| Emilab S.r.l. | Via Jacopo Linussio, 1 – Amaro (UD) | 24.82% |
| Rotowi Technologies S.p.A. in liquidation (formerly U.T.R.I. S.p.A.) | Via del Follatolo, 12 – Trieste | 21.31% |

| *Other minor companies measured at cost* | | |
|---|---|---|
| Kairos Autonomi | Salt Lake City (USA) | 19.00% |

No changes took place in the subsidiary and associate companies from 31 December 2012.

The following table provides information on the exchange rates used to translate foreign companies' financial statements into the Eurotech Group's presentation currency (the euro). The rates correspond to those released by the Italian Foreign Exchange Bureau (Ufficio Italiano Cambi).

| Currency | Average 3Months 2013 | As of March 31, 2013 | Average 2012 | As of December 31, | Average 3Months 2012 | As of March 31, 2012 |
|---|---|---|---|---|---|---|
| British pound sterling | 0.85111 | 0.84560 | 0.81087 | 0.81610 | 0.83448 | 0.83390 |
| Japanese Yen | 121.79500 | 120.87000 | 102.49188 | 113.61000 | 103.99323 | 109.56000 |
| USA Dollar | 1.32063 | 1.28050 | 1.28479 | 1.31940 | 1.31082 | 1.33560 |

## C - Revenues

The revenues achieved by the Group in 1Q13 amounted to €14.59 million (€20.39 million in 1Q12, which would be €19.28 million at exchange rates equal to current ones), down €5.81 million or 28.5% less than that of the same period of the previous year. This performance is partly due to the different exchange rate in force when the financial statements in foreign currencies were translated, but is mostly due to the orders trend and to client requests which for this year entailed a large part of deliveries being concentrated in the second half of the year. This trend, which without doubt is a trend to be kept under control and closely monitored, was similar in both the Group's most important geographic areas, i.e. America and Japan.

The breakdown of revenues by individual business line and related changes are as follows:

| SALES BY BUSINESS SEGMENT | 1Q 2013 | % | 1Q 2012 | % | Var. % |
|---|---|---|---|---|---|
| NanoPC | 14,584 | 100.0% | 19,623 | 96.2% | -25.7% |
| High Perf. Computer | 1 | 0.0% | 771 | 3.8% | -99.9% |
| **TOTALE SALES AND SERVICE REVENUE** | **14,585** | **100.0%** | **20,394** | **100.0%** | **-28.5%** |

In NanoPCs, revenues came in at €19.62 million in the 1Q12, compared with €14.58 thousand in 1Q13.

HPC revenues were practically zero in 1Q13 compared with €771 thousand in 1Q12. The HPC business line is still characterised by a limited number of customers, generally from the world of science and research and today also from the service sector, and this makes the distribution of revenue unequal over time.

The NanoPC segment is divided by region as follows:

| (€' 000) | North America | | | Europe | | | Asia | | | Correction, reversal and elimination | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q 2013 | 1Q 2012 | %YoY Change | 1Q 2013 | 1Q 2012 | %YoY Change | 1Q 2013 | 1Q 2012 | %YoY Change | 1Q 2013 | 1Q 2012 | %YoY Change | 1Q 2013 | 1Q 2012 | %YoY Change |
| Third party Sales | 6,543 | 7,817 | | 4,022 | 5,099 | | 4,019 | 6,707 | | 0 | 0 | | 14,584 | 19,623 | |
| Infra-sector Sales | 166 | 919 | | 1,153 | 1,672 | | 30 | 130 | | ( 1,349) | ( 2,721) | | 0 | 0 | |
| Total Sales revenues | 6,709 | 8,736 | -23.2% | 5,175 | 6,771 | -23.6% | 4,049 | 6,837 | -40.8% | ( 1,349) | ( 2,721) | 50.4% | 14,584 | 19,623 | -25.7% |

The North American business area's revenues totalled € 6.54 million in 1Q13 and € 7.82 million in 1Q12, with a 16.3% YoY decrease. This decrease, which is also influenced by a different and more unfavourable USD-Euro exchange rate, is in particular due to a different scheduling of orders than past trends which, combined with an increased average order value, resulted in decreased sales in the first quarter of the year. The policy of developing sales to key customers with significant orders is essential for medium/long term growth in sales, but in the short term led to an unequal distribution of sales over the course of the year; this phenomenon is significant this year since the process of increasing the average size of orders is still in under development.
The European business area reported a decrease from €5.10 million in 1Q12 to €4.02 million in 1Q13 due to the economic downturn in the European area in which the Group operates.
The Asian business area showed a significant decrease of 40.1 from €6.71 million to €4.02 million. In this case there is a combined effect of two factors: on the one hand, the more unfavourable Yen-Euro exchange rate and, on the other, the temporary reduction in sales to an important local customer which led to the sales expected in the quarter (which was in line with that registered in 1Q12) being postponed to subsequent quarters.

The following table shows the geographical breakdown of revenues based on customer location:

| BREAKDOWN BY GEOGRAPHIC AREA | 1Q 2013 | % | 1Q 2012 | % | var. % |
|---|---|---|---|---|---|
| European Union | 2,502 | 17.2% | 3,691 | 18.1% | -32.2% |
| United States | 7,222 | 49.5% | 7,805 | 38.3% | -7.5% |
| Japan | 4,001 | 27.4% | 6,672 | 32.7% | -40.0% |
| Other | 860 | 5.9% | 2,226 | 10.9% | -61.4% |
| **TOTAL SALES AND SERVICE REVENUES** | **14,585** | **100.0%** | **20,394** | **100.0%** | **-28.5%** |

As regards the amounts shown in the table, the negative performance in the "other" geographic areas is due in particular to a downturn in sales in China and India.

## D – Costs of raw & auxiliary materials and consumables used

The item raw materials and consumables, which is closely linked to revenues, decreased more than proportionately in the period under review from €9.84 million in 1Q12 to €6.44 million in 1Q13. In the period in question, there was a €3.40 million reduction equal to 36.4% in comparison with the reduction in revenues of 28.5%. This disproportionate figure is mainly linked to the different mix of products sold in the two periods under comparison.

As a percentage of revenues, these costs decreased from 48.2% in 1Q12 to 44.1% in 1Q13.

## E – Service costs

Service costs declined by 10.5% from €3.74 million in 1Q12 to €3.34 million in 1Q13, a fall of €393 thousand in absolute terms. As a percentage of sales, these costs increased from 18.3% in 1Q12 to 22.9% in 1Q13.
The reduction, which has continued throughout the last 3 years, is primarily due to the constant cost containment policy of the group, even if this quarter it is all the more evident due to the translation into Euro of the values of foreign companies. When analysing the service costs in the individual local currencies the reduction is slightly less marked.

## F – Payroll costs

Payroll costs in the period under review decreased from €6.50 million (31.9% of revenues) to € 5.59 million (38.3% of revenues), with a 14.0% decrease primarily attributable (51.5%) to the constant rationalisation of resources throughout 2012 and to a lesser extent (48.5%) to the effects of the different average exchange rates of the local currencies of the subsidiaries in relation to the Euro.
There was a decrease in headcount from 31 December 2012 from 420 to 411, due to a reduction in the workforce primarily in the Asian area.

The table below shows the Group headcount.

| Employees | at March 31, 2013 | at December 31, 2012 | at March 31, 2012 |
|---|---|---|---|
| Manager | 15 | 15 | 21 |
| Clerical w orkers | 335 | 344 | 349 |
| Line w orkers | 61 | 61 | 68 |
| TOTAL | 411 | 420 | 438 |

## G – Other provisions and costs

As at 31 March 2013 this item included provision of € 57 thousand for doubtful accounts (vs. € 51 thousand in 1Q12) and refers to provisions made to cover any non-collectability of trade receivables.
Other provisions and costs as a percentage of revenues were 1.2%, compared with 1.2% in the same period of 2012.

## H – Other revenues

Other revenues showed a decrease of 27.9%. The item decreased from €696 thousand in 1Q12 to €502 thousand in the same period this year. Other revenues comprise the capitalisation of development costs for new solutions featuring highly integrated standard modules and systems for €488 thousand (€630 thousand in 1Q12), as well as miscellaneous income of €14 thousand (€48 thousand in 1Q12), while there were no operating grants in the period (compared with €18 in 1Q12).

## I – Depreciation & amortisation and impairment

Depreciation and amortisation decreased by €235 thousand from €1.91 million in 1Q12 to €1.67 million in 1Q13, which was primarily due to the effect of translating foreign financial statements to Euro.

Amortisation relating to purchase price allocation, which as at 31 March 2013 totalled €0.83 million, related entirely to customer relationships.

## J – Financial income and expenses

The slight reduction in financial charges, which decreased from €1.14 million in 1Q12 to €1.10 million in 1Q13, was mainly due to the combined effect of a reduction in interest payable and an increase in exchange losses relating to the trend of the USD and GBP.

The absolute value and percentage on revenues of the main financial expense items were as follows:

- foreign exchange losses: €0.93 million at 31.03.2013 (6.4% as a percentage of revenues), compared with €0.88 million at 31.03.2012 (4.3% as a percentage of revenues)
- miscellaneous interest expenses: €161 thousand at 31.03.2013 (1.1% of sales), versus €247 thousand at 31.03.2012 (1.2% of sales).

Financial charges increased by €0.65 million from €1.35 million in 1Q12 to €2.00 million in 1Q13. This increase was due to the greater rate gains for commercial transactions.

| (€'000) | 1Q 2013 | 1Q 2012 | change % |
|---|---|---|---|
| Exchange-rate losses | 929 | 879 | 5.7% |
| Interest expenses | 161 | 247 | -34.8% |
| Expenses on derivatives | 0 | 0 | n/a |
| Other finance expenses | 12 | 12 | 0.0% |
| Financial charges | 1,102 | 1,138 | -3.2% |

| (€'000) | 1Q 2013 | 1Q 2012 | change % |
|---|---|---|---|
| Exchange-rate gains | 1,960 | 1,334 | 46.9% |
| Interest income | 34 | 10 | 240.0% |
| Other finance income | 3 | 3 | 0.0% |
| Financial incomes | 1,997 | 1,347 | 48.3% |
| Net financial income | 895 | 209 | 328.2% |
| % impact on sales | 6.1% | 1.0% | |

## K – Income taxes

Income taxes at 31 March 2013 amounted to a total of €34 thousand (of which €240 thousand for current taxes and €207 thousand in net deferred tax assets) compared to an impact of €36 thousand at 31 March 2012 (of which €576 thousand for current taxes and €540 thousand in net deferred tax assets), recording a decrease of €2 thousand.

## L – Non-current assets

The drop in non-current assets between 31 December 2012 and 31 March 2013 of €4.89 million is mainly due to changes in exchange rates. The effects of net investments in tangible and intangible assets amounting to approximately €0.59 million were more than offset by depreciation and amortisation amounting to €1.67 million.
The most significant increases remain those in research and development which amounted to € 0.50 million during the quarter.
The most significant reduction was attributable to intangible assets, and primarily the exchange differences accrued on the opening balances of the values expressed in foreign currency and especially in relation to goodwill and other fixed assets, which includes the value of customer relations defined at the time of allocation of the purchase price.

### *a – Intangible assets*

The table below shows their composition and the main changes during the period:

| (€ '000) | DEVELOPMENT COSTS | GOODWILL | SOFTWARE TRADEMARKS PATENTS | ASSETS UNDER CONSTRUCTION & ADVANCES | OTHER INTANGIBLE ASSETS | TOTAL INTANGIBLE ASSETS |
|---|---|---|---|---|---|---|
| OPENING BALANCE (A) | 2,268 | 81,180 | 10,607 | 4,020 | 14,778 | 112,853 |
| *Changes as at March 31, 2013* | | | | | | |
| - Purchases | 127 | - | 58 | 372 | - | 557 |
| - Disposals | - | - | - | - | - | - |
| - Amortisation and impairment in period (-) | ( 381) | - | ( 154) | - | ( 827) | ( 1,362) |
| - Other changes | 1,550 | ( 2,404) | ( 554) | ( 1,424) | ( 704) | ( 3,536) |
| **Total changes (B)** | **1,296** | **( 2,404)** | **( 650)** | **( 1,052)** | **( 1,531)** | **( 4,341)** |
| CLOSING BALANCE (A+B) | 3,564 | 78,776 | 9,957 | 2,968 | 13,247 | 108,512 |

The carrying value of goodwill and trademarks with an indefinite useful life allocated to each of the cash-generating units is as follows:

| Cash generating units | at March 31, 2013 | | at December 31, 2012 | |
|---|---|---|---|---|
| | Goodwill | Trademark with an indefinite useful life | Goodwill | Trademark with an indefinite useful life |
| Advanet Group | 46,138 | 8,761 | 49,087 | 9,321 |
| Eurotech Inc. (ex Applied Data Systems e ex Arcom Inc.) | 24,854 | - | 24,123 | - |
| Eurotech Ltd. (ex Arcom Ltd.) | 5,165 | - | 5,351 | - |
| Eurotech France S.a.s. | 1,051 | - | 1,051 | - |
| Parvus Corp. | 1,478 | - | 1,478 | - |
| Other | 90 | - | 90 | - |
| TOTAL | 78,776 | 8,761 | 81,180 | 9,321 |

## *b – Property, plant and equipment*

The table below shows their composition and the main changes during the period:

| (€ '000) | LAND AND BUILDINGS | PLANT AND MACHINERY | INDUSTRIAL & COMMERCIAL EQUIPMENT | OTHER ASSETS | ASSETS UNDER CONSTRUCTION & ADVANCES | LEASED ASSETS | TOTAL PROPERTY, PLANT & EQUIPMENT |
|---|---|---|---|---|---|---|---|
| OPENING BALANCE (A) | 674 | 1,215 | 504 | 1,496 | 5 | 862 | 4,756 |
| *Changes as at March 31, 2013* | | | | | | | |
| - Purchases | - | 5 | 3 | 27 | - | - | 35 |
| - Disposals | - | - | - | - | - | - | - |
| - Amortisation and impairment in period (-) | ( 4) | ( 118) | ( 61) | ( 108) | - | ( 17) | ( 308) |
| - Other changes | - | ( 28) | ( 14) | ( 37) | - | ( 13) | ( 92) |
| **Total changes (B)** | **( 4)** | **( 141)** | **( 72)** | **( 118)** | **-** | **( 30)** | **( 365)** |
| CLOSING BALANCE (A+B) | 670 | 1,074 | 432 | 1,378 | 5 | 832 | 4,391 |

## *M – Working capital*

Working capital rose by €980 thousand, from €23.73 million at 31 December 2012 to €24.71 million at 31 March 2013.
The drop in current assets of €5.73 million is primarily due to the reduction in trade receivables of €6.42 million, work in progress to order and income tax credits. These are partly offset by a net increase in stocks of €1.19 million and other current assets of €530 thousand.
The decrease of €6.71 million in current liabilities was due to an overall reduction in items such as trade payables (€3.97 million), tax payables (€1.62 million) and other current liabilities (€1.13 million).

## *N – Net financial position*

The Group had net financial debt of €14.24 million at 31 March 2013 against net financial debt of €11.45 million at 31 December 2012.
The change is mainly due to the use of cash to support working capital and ordinary operations, in addition to the effects of the exchange rates applied when translating the value of cash at bank and in hand of American and Japanese companies.
See the performance of cash flows on page 17.

Medium-/long-term financial liabilities include principal on bank loans and finance leases falling due beyond 12 months except those mentioned above.
Short-term financial liabilities mainly consist of current account overdrafts, the current portion of mortgage loans, and payables to other lenders falling due by 31.03.14.

## *O – 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, 2012 | 8,879 | 39 | 136,400 | 22,793 | ( 42,949) | ( 344) | ( 523) | ( 1,340) | ( 2,783) | 120,172 | - | 120,172 |
| 2012 Result allocation | - | - | - | - | ( 2,783) | - | - | - | 2,783 | - | - | - |
| Profit (loss) as at March 31, 2013 | - | - | - | - | - | - | - | - | ( 1,729) | ( 1,729) | - | ( 1,729) |
| *(loss)* | | | | | | | | | | | | |
| - Hedge transactions | - | - | - | - | - | 9 | - | - | - | 9 | - | 9 |
| - Foreign balance sheets conversion difference | - | - | - | ( 4,822) | | | - | - | - | ( 4,822) | - | ( 4,822) |
| - Exchange differences on equity investments in foreign companies | - | - | - | - | - | - | 615 | - | - | 615 | - | 615 |
| Comprehensive result | - | - | - | *( 4,822)* | - | *9* | *615* | - | *( 1,729)* | *( 5,927)* | - | *( 5,927)* |
| Balance as at March 31, 2013 | 8,879 | 39 | 136,400 | 17,971 | ( 45,732) | ( 335) | 92 | ( 1,340) | ( 1,729) | 114,245 | - | 114,245 |

## *P – Significant events in the quarter*

The main events occurring in the quarter were announced in the press releases listed below (the full text can be viewed on the Group website www.eurotech.com on the page http://www.eurotech.com/IT/sala+stampa/news):

- 09/01/2013 Eurotech Receives $4.1M Follow-On Order from Agriculture Equipment Manufacturer
- 28/01/2013 Eurotech Receives 1.2M Euro Order for Railway Application
- 29/01/2013 Eurotech enables the greenest supercomputer in the world
- 31/01/2013 Eurotech Expands Distribution Agreement with Avnet Electronics Marketing to Include M2M Platform in North America
- 01/02/2013 Eurotech: Participation in the regulatory simplification process adopted with Consob Resolution n.18079 of 20 January 2012
- 11/02/2013 Eurotech: Parvus Ruggedized Cisco IOS-Managed Switch Successfully Completes MIL-STD Certifications for MIL-STD-810G and MIL-STD-461F
- 26/02/2013 Eurotech Announces CPU-301-16, the new ARM-Based Embedded Platform
- 15/03/2013 Eurotech: The Board of Directors Approves the 2012 Statutory and Consolidated Financial Statements
- 15/03/2013 Eurotech: Board of Directors Approves Company Bylaw Amendments for Adaption to New Regulations
- 15/03/2013 Letter of the President Roberto Siagri to shareholders
- 18/03/2013 Eurotech: Parvus Low-Power Mission Computer Subsystem with MIL-STD-1553 Databus Interfaces Completes MIL-STD Environmental / EMI Qualification
- 19/03/2013: Eurotech Powered SENSUSS Application Recognized as a 2013 Computerworld Honors Laureate
- 28/03/2013: Eurotech: Deposit of the Financial Statements as of December 2012

In addition, the company attended the 2013 Star Conference in Milan on 26 March.

Other than those discussed in previous paragraphs, no other particularly significant events occurred in the quarter.

## Q – Events after the reporting period

For events occurring since 30 September, please see the press releases listed below (the full text can be viewed on the Group's website www.eurotech.com on the page http://www.eurotech.com/en/press+room/news):

– 16/04/2013 Eurotech: Parvus Signs Teaming Agreement with SAIC for Global Tactical Advanced Communications Systems Contract with U.S. Army
– 23/04/2013 Eurotech: new distribution agreement with Insung Information CO.,Ltd to address the South Korean Market
– 23/04/2013 Eurotech Named RTX Partner for Integrated Cloud Solution
– 24/04/2013 Eurotech: Resolutions Passed by Ordinary Shareholders' Meeting on 24 April 2013
– 30/04/2013 Eurotech Extends Proven DynaPCN Passenger Counting Family
– 08/05/2013 Eurotech Named a Cool Vendor in Gartner 2013 IT/OT Alignment and Integration Report

## R - Risks and uncertainties

Reference should be made to the paragraphs "Main risks and uncertainties to which the Group is exposed" and "Financial risk management": objectives and criteria" contained in the 2012 Consolidated Financial Statements which set out the risks to which the Eurotech Group is exposed.

## S – Disclosure

We also specify that:

- Group intercompany transactions take place at market prices and are eliminated during the consolidation process
- Group companies' related-party transactions form part of the normal course of business and are settled under arm's length conditions
- pursuant to CONSOB communication 15519/2005, there were no non-recurring economic components in the consolidated quarterly results to 31 March 2013
- pursuant to CONSOB communication DEM/6064296 of 28 July 2006, there were no atypical and/or unusual transactions carried out in the first quarter of 2013
- at 31.03.13 the company held 420,140 treasury shares for a total value of €1,340 thousand: there have been no changes in treasury shares as of the date of this report
- as regards the requirements of Article 150, paragraph 1, of Italian Legislative Decree no. 58 of 24 February 1998, no members of the Board of Directors have executed transactions with Group companies in situations of potential conflict of interest.
- pursuant to Article 3 of Consob Resolution 18079 of 20 January 2012, Eurotech opts for the simplification scheme provided for by Articles 70, paragraph 8, and 71, paragraph 1-bis, of the Regulation adopted by Consob by resolution 11971 of 14 May 1999 as amended, making use of the

right to depart with the obligations to publish the information documents provided for by Annex 3B of the aforesaid Consob Regulation in the event of significant mergers, spin-offs, capital increases through contributions of goods in kind, acquisitions and sales.

Amaro, 13 May 2013

On behalf of the Board of Directors

*Signed* Roberto Siagri
Chairman

# Declaration of the Financial Reporting Manager

Amaro, 13 May 2013

**D E C L A R A T I O N**

PURSUANT TO ARTICLE 154 BIS, PARAGRAPH 2 – PART IV, TITLE III, CHAPTER II, SECTION V-BIS, OF LEGISLATIVE DECREE 58 OF 24 FEBRUARY 1998: "CONSOLIDATED FINANCE ACT, PURSUANT TO ARTICLES 8 AND 21 OF LAW 52 OF 6 FEBRUARY 1996"

I, Sandro Barazza,

Financial Reporting Manager of Eurotech S.p.A., with reference to the Consolidated Interim Management Statement at 31 March 2013 approved by the company's Board of Directors on 13 May 2013,

**S T A T E**

in compliance with the matters set forth under ex - art. 154 bis , section 2, letter - part IV, title III, chapter II, section V-bis of the Legislative Decree 58 of 24 February 1998, to the best of my knowledge, the Consolidated Interim Management Statement at 31 March 2013 corresponds to the accounting entries.

The Financial Reporting Manager
*Signed* Sandro Barazza

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www.eurotech.com