

EUROTECH RELEASE

Eurotech completes acquisition of Advanet

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Amaro October 31st 2007 - Eurotech announced that it completed today the acquisition of 65% of the share capital of Advanet, based in Okayama, Japan, and its subsidiaries Spirit 21, Vantech and Advanet R&D (collectively, "Advanet Group").

The Advanet Group, a leading company in the Japanese embedded PCs market, posted for fiscal 2007, ended 30 April 2007, sales of about 5.5 billion yen, EBITDA of 1.1 billion yen, equal to 20% of total sales, and Adjusted EBITDA of about 1.5 billion yen, equal to 27% of total sales.

The consideration for the transaction has been set by the parties in the amount of 7.6 billion yen. This amount might be subject to adjustments based on the net financial position and current assets on the closing date, which will have to be verified within 30 days from the closing date. The consideration represents a valuation of the Advanet Group based on a multiple of 8 times the Group's Adjusted EBITDA.

As announced in the press release of 4 October 2007, the acquisition agreement also provides for a put and call mechanism for the remaining 35% of Advanet's share capital.

Eurotech: review of strategic guidelines for the fiscal year 2007

Eurotech's Board of Directors today, in light of the most updated available information, decided to review the strategic guidelines of the Group for the fiscal year 2007.

Group's turnover is forecasted at approximately Euro 75 million, not considering the Advanet acquisition, with a growth of about 50% on the former year, compared to the previous budget figure of approximately Euro 100 million.

The restatement is mainly attributable to:

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- The delays in the win of some significant US orders related to Ads and Arcom subsidiaries. The impact on turnover referable to this is approximately valuable to the 60% of the total decrease;
- The weakening of the USD that affected the currency translation in the consolidated financial statement of the Group (approximately 62% of the total revenues comes from the US subsidiaries). This impact is valuable in approximately 20% of the total decrease;
- The normal fluctuation in the sales related to the product and market trends of this specific business. This impact is valuable in approximately 20% of the total decrease.

The Gross Profit Margin is predicted to be in line with the guidelines at a level of 50%.

Group's Ebitda as at December 2007 is expected to be approximately the 2% of the total turnover compared to the former target of 12%. Such difference is mainly related to incidence of the operating costs, mostly fixed, on the reduced expected sales and, specifically, to the extra integration costs (attributable to the new acquired companies) and to the enhancement of a wider international organisation.

THE EUROTECH GROUP

Eurotech (ETH.MI) is a company active in the research, development, production and marketing of miniaturised computers (NanoPCs) and of computers featuring high-performance computing capability (HPCs).

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