

PRESS RELEASE

EUROTECH: APPROVAL OF INTERIM MANAGEMENT STATEMENT AT 30 SEPTEMBER 2008

Amaro (Udine), 14 November 2008

- Consolidated revenues: +25% from € 50.22 million to € 62.81 million
- Consolidated gross profit: +40% from € 24.78 million to € 34.68 million
- Consolidated EBITDA: up from € -0.37 million to € 3.35 million
- Consolidated EBIT: from € -3.60 million to € -2.49 million
- Consolidated EBT: from € -2.71 million to € -4.97 million
- Net financial debt: € -9.07 million

Today the Board of Directors of Eurotech SpA reviewed and approved the results relating to the first nine months and third quarter of 2008 and also co-opted three new directors.

FIRST NINE MONTHS 2008

In the first nine months of the year (9M08), Group sales revenues grew by 25% over the same period in 2007 (9M07), rising from € 50.22 million (mn) to € 62.81 mn. 9M08 results featured the change in the consolidation area due to acquisition of the Japanese Group Advanet, completed during the second half of 2007. By way of example, we point out that based on straight-line 9M07 exchange rates, consolidated revenues would have been € 67.20 mn and therefore would have shown total growth of 33.8% YoY.

Gross profit in 9M08 amounted to € 34.68 mn (+40% vs. 9M07) with a 55.2% margin on sales, with clear growth vs. 9M07 (€ 24.78 mn with a 49.3% margin on sales). This was by virtue of the combination of three main factors: business model followed by the Group, based on the sale of premium products; the contribution of the Japanese group, in terms of higher profit margins; and a decrease in COGS, thanks to the better integration and harmonisation of purchasing processes among the Group's affiliates.

EBITDA in 9M08 was positive by € 3.35 mn, with a tangible increase vs. € -0.37 mn in 9M07. EBITDA margin on sales also improved, rising from -0.7% to 5.3%. The corporate policy of integration between group companies and the consequent activation of synergies and economies of scale between the various affiliates, with special reference to the USA, has led to natural and tangible reduction of costs already as from this last quarter. Moreover, in 9M08 the higher

PRESS RELEASE

revenues achieved also with higher margins led to better absorption, in outright terms, of operating costs, which in Eurotech's case are prevalently fixed.

EBIT amounted to € -2.49 mn, with -4.0% margin on revenues, whereas in 9M07 it was € -3.60 mn with a -7.2% margin on revenues. 9M08 EBIT, even if better than 9M07 EBIT, was significantly affected by the non-cash effects of depreciation & amortisation of the PPA (purchase price allocation) relating to the acquisitions of Applied Data Systems Inc., the Arcom Group, and the Advanet Group: the negative effects of PPA amounted to € 3.50 mn in 9M08 and to € 1.69 mn in 9M07.

There was a pre-tax loss of € -4.97 mn (vs. a loss of € -2.71 mn in 9M07). Stripped of the effects of PPA, the pre-tax figure would be € 0.59 mn (vs. € -1.02 mn in 9M07). Compared with 9M07, 9M08 was significantly weighed down by adverse foreign exchange differences and interest for discounting to present value (for a total of € 2.06 mn) stemming from recognition already as at 31 December 2007 of financial debt against valuation of 25% of share capital of the Japanese subsidiary Advanet. In addition, the 9M08 pre-tax result was also affected by lower financial income following reduction of cash resources, which were used at the end of 2007, together with higher interest expense arising from loans taken out to service acquisitions.

In 9M08 the Group's net loss amounted to € -6.31 mn vs. € -2.69 mn in 9M07. With elimination of the non-cash effects of PPA, the result would have been € -2.99 mn (vs. € 1.64 mn in 9M07).

As at 30 September 2008, the Group featured net financial debt of € -9.07 mn vs. € -6.38 mn at 2007 year-end. The increase was mainly due to the increase (€ 2.06 mn) of (a) the amount of non-current business-combination liabilities due to the effect of interest and (b) foreign exchange losses recognised, even if not carried out, on the fair-value financial liability for the put option on 25% of Advanet Inc. shares, exercisable in the early months of 2010.

Once again as at 30 September 2008, the Group's net working capital amounted to € 27.17 mn, in line with € 27.15 mn reported as at 31 December 2007.

EUROTECH GROUP
HEADQUARTERS
EUROTECH SpA
Via F. Solari, 3/A
33020 Amaro (UD) - ITALY
Tel. +39 / 0433 485411
Fax. +39 / 0433 485499
ir@eurotech.com
www.eurotech.com

www.eurotech.com
ir@eurotech.com



PRESS RELEASE

THIRD QUARTER OF 2008

In the third quarter of 2008 (3Q08) Group revenues grew by +40.1% over the same period in 2007 (3Q07), rising from € 14.77 mn to € 20.69 mn. This increase reflected the effect of the Advanet acquisition, completed on 31 October 2007.

Gross profit in 3Q08 amounted to € 11.38 mn (+62.3% vs. 3Q07) with a 55% margin on sales, in line with that for 9M08.

EBITDA in 3Q08 totalled € 1.67 mn (with an 8.1% margin on sales) vs. € -1.05 mn in 3Q07. The quarter benefited from cost reduction due to rationalisation and integration between the various group companies. The adverse effects on EBITDA of PPA (purchase price allocation) were zero in 3Q08 whereas in 3Q07 they amounted to € 20 thousand.

Notwithstanding the higher depreciation & amortisation posted in 3Q08 compared with 3Q07, EBIT was positive by € 0.16 mn vs. € -2.15 mn in 3Q07. The negative effects of PPA on EBIT amounted to € 424 thousand in 3Q07 and to € 887 thousand in 3Q08.

There was a pre-tax loss of € -0.83 mn with a -4.0% margin on sales, as compared with € -2.01 mn in 3Q07.

In 3Q08 the Group's net loss amounted to € -1.24 mn vs. € -1.79 mn in 3Q07.

Pursuant to Article 154/2, paragraph 2, of the Italian Consolidated Finance Act (Legislative Decree 58/1998), the financial reporting manager of Eurotech SpA, Sandro Barazza, herewith declares that the financial disclosure contained in this press release corresponds to documentary evidence, corporate books, and accounting records.

EUROTECH GROUP
HEADQUARTERS
EUROTECH SpA
Via F. Solari, 3/A
33020 Amaro (UD) - ITALY
Tel. +39 / 0433 485411
Fax. +39 / 0433 485499
ir@eurotech.com
www.eurotech.com

www.eurotech.com
ir@eurotech.com



EUROTECH
G R O U P

DIGITAL TECHNOLOGIES FOR A BETTER WORLD

www.eurotech.com

PRESS RELEASE

THE EUROTECH GROUP

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

Company contacts:

Investor relations

Andrea Barbaro
Tel. +39 0433-485411
e-mail: a.barbaro@eurotech.com

Communication department

Cristiana della Zonca
Tel. +39 0433-485411
e-mail: c.dellazonca@eurotech.com

Press office

Community
Marco Rubino
Tel. +39 02-89404231
e-mail: marco.rubino@communitygroup.it

EUROTECH GROUP
HEADQUARTERS
EUROTECH SpA
Via F. Solari, 3/A
33020 Amaro (UD) - ITALY
Tel. +39 / 0433 485411
Fax. +39 / 0433 485499
ir@eurotech.com
www.eurotech.com

www.eurotech.com
ir@eurotech.com

PRESS RELEASE
ANNEXES – FINANCIAL STATEMENTS
CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (€ '000)	3rd Qtr 2007		3rd Qtr 2008		9 months 2007 (a)		9 months 2008 (b)		change (b-a)	
		%		%		%		%	amount	%
Sales revenue	14,770	100.0%	20,690	100.0%	50,224	100.0%	62,805	100.0%	12,581	25.0%
Cost of material	(7,759)	-52.5%	(9,309)	-45.0%	(25,442)	-50.7%	(28,122)	-44.8%	(2,680)	-10.5%
Gross profit	7,011	47.5%	11,381	55.0%	24,782	49.3%	34,683	55.2%	9,901	40.0%
Services costs	(3,250)	-22.0%	(2,834)	-13.7%	(9,987)	-19.9%	(10,916)	-17.4%	(929)	-9.3%
Lease & hire costs	(304)	-2.1%	(497)	-2.4%	(1,036)	-2.1%	(1,543)	-2.5%	(507)	-48.9%
Payroll costs	(5,134)	-34.8%	(6,400)	-30.9%	(15,730)	-31.3%	(19,799)	-31.5%	(4,069)	-25.9%
Other provisions and costs	(127)	-0.9%	(475)	-2.3%	(679)	-1.4%	(898)	-1.4%	(219)	-32.3%
Other revenues	752	5.1%	491	2.4%	2,280	4.5%	1,820	2.9%	(460)	-20.2%
EBITDA	(1,052)	-7.1%	1,666	8.1%	(370)	-0.7%	3,347	5.3%	3,717	n.s.
Depreciation & Amortization	(1,093)	-7.4%	(1,502)	-7.3%	(3,168)	-6.3%	(5,611)	-8.9%	(2,443)	-77.1%
Asset impairment	0	0.0%	0	0.0%	(63)	-0.1%	(230)	-0.4%	(167)	-265.1%
EBIT	(2,145)	-14.5%	164	0.8%	(3,601)	-7.2%	(2,494)	-4.0%	1,107	-30.7%
Share of associates' profit at equity	0	0.0%	(37)	-0.2%	(39)	-0.1%	(97)	-0.2%	(58)	-148.7%
PTO launch charges	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	n/a
Finance expense	(720)	-4.9%	(2,325)	-11.2%	(1,468)	-2.9%	(4,806)	-7.7%	(3,338)	-227.4%
Finance income	854	5.8%	1,369	6.6%	2,400	4.8%	2,427	3.9%	27	1.1%
Profit before tax	(2,011)	-13.6%	(829)	-4.0%	(2,708)	-5.4%	(4,970)	-7.9%	(2,262)	-83.5%
Income tax	231	1.6%	(315)	-1.5%	28	0.1%	(1,134)	-1.8%	(1,162)	n.s.
Net profit before minority interest	(1,780)	-12.1%	(1,144)	-5.5%	(2,680)	-5.3%	(6,104)	-9.7%	(3,424)	-127.8%
Minority interest	9	0.1%	96	0.5%	5	0.0%	205	0.3%	200	n.s.
Group net profit (loss)	(1,789)	-12.1%	(1,240)	-6.0%	(2,685)	-5.3%	(6,309)	-10.0%	(3,624)	-135.0%

EUROTECH GROUP
 HEADQUARTERS
 EUROTECH SpA
 Via F. Solari, 3/A
 33020 Amaro (UD) – ITALY
 Tel. +39 / 0433 485411
 Fax. +39 / 0433 485499
 ir@eurotech.com
 www.eurotech.com

www.eurotech.com
ir@eurotech.com

PRESS RELEASE
CONSOLIDATED BALANCE SHEET

(€'000)	at September 30, 2007	at December 31, 2007	at September 30, 2008
ASSETS			
Intangible assets	55,956	111,918	114,794
Property, Plant and equipment	5,051	6,737	6,287
Investments in affiliates companies	713	109	838
Investments in other companies		930	281
Deferred tax assets	4,319	1,802	1,498
Other non-current assets	160	630	665
Total non-current assets	66,199	122,126	124,363
Inventories	17,128	22,129	22,073
Contracts in progress	969	2,364	383
Trade receivables	11,766	18,807	17,162
Income tax receivables	5,490	3,251	4,770
Other current assets	1,969	2,793	3,011
Derivative instruments	82	82	218
Cash & cash equivalents	73,917	56,604	42,410
Total current assets	111,321	106,030	90,027
Total assets	177,520	228,156	214,390
LIABILITIES AND EQUITY			
Share capital	8,751	8,879	8,879
Reserves	129,305	117,510	118,568
Net profit (loss) for period	(2,685)	(4,922)	(6,309)
Group shareholders' equity	135,371	121,467	121,138
Minority capital and reserves	33	2,549	2,663
Minority profit (loss) for period	5	(84)	205
Equity attributable to minority interest	38	2,465	2,868
Total shareholders' equity	135,409	123,932	124,006
Medium-/long-term borrowing	14,129	34,172	26,745
Employee benefit obligations	599	1,512	2,085
Deferred tax liabilities	7,763	16,103	15,611
Other non-current liabilities	491	1,345	768
Business combination liabilities	0	15,864	17,886
Total non-current liabilities	22,982	68,996	63,095
Trade payables	9,147	14,506	11,597
Short-term borrowing	2,853	9,787	7,063
Income tax liabilities	553	2,112	2,740
Other current liabilities	6,576	5,581	5,889
Business combination liabilities	0	3,242	0
Total current liabilities	19,129	35,228	27,289
Total liabilities	42,111	104,224	90,384
Total liabilities and equity	177,520	228,156	214,390

EUROTECH GROUP
 HEADQUARTERS
 EUROTECH SpA
 Via F. Solari, 3/A
 33020 Amaro (UD) - ITALY
 Tel. +39 / 0433 485411
 Fax. +39 / 0433 485499
 ir@eurotech.com
 www.eurotech.com

www.eurotech.com
ir@eurotech.com

PRESS RELEASE
NET FINANCIAL POSITION

(€'000)		at September 30, 2007	at December 31, 2007	at September 30, 2008
Cash & cash equivalents	A	(73,917)	(56,604)	(42,410)
Cash equivalent	B=A	(73,917)	(56,604)	(42,410)
Derivative instruments	C	(82)	(82)	(218)
Short-term borrowing	D	2,853	9,787	7,063
Business aggregation liabilities	E	0	3,242	0
Short-term financial position	F=C+D+E	2,771	12,947	6,845
Short-term net financial position	G=B+F	(71,146)	(43,657)	(35,565)
Business aggregation liabilities	H	0	15,864	17,886
Medium-/long-term borrowing	I	14,129	34,172	26,745
Medium-/long-term net financial position	J=H+I	14,129	50,036	44,631
NET FINANCIAL POSITION	K=G+J	(57,017)	6,379	9,066

NET WORKING CAPITAL

(€'000)	at September 30, 2007	at December 31, 2007	at September 30, 2008	Changes
		(a)	(b)	(b-a)
Inventories	17,128	22,129	22,073	(56)
Contracts in progress	969	2,364	383	(1,981)
Trade receivables	11,766	18,807	17,162	(1,645)
Income tax receivables	5,490	3,251	4,770	1,519
Other current assets	1,969	2,793	3,011	218
Current assets	37,322	49,344	47,399	(1,945)
Trade payables	(9,147)	(14,506)	(11,597)	2,909
Income tax liabilities	(553)	(2,112)	(2,740)	(628)
Other current liabilities	(6,576)	(5,581)	(5,889)	(308)
Current liabilities	(16,276)	(22,199)	(20,226)	1,973
Net working capital	21,046	27,145	27,173	28

EUROTECH GROUP
 HEADQUARTERS
 EUROTECH SpA
 Via F. Solari, 3/A
 33020 Amaro (UD) - ITALY
 Tel. +39 / 0433 485411
 Fax. +39 / 0433 485499
 ir@eurotech.com
 www.eurotech.com

www.eurotech.com
ir@eurotech.com