

**PRESS RELEASE****EUROTECH: BOARD APPROVES 2008 DRAFT ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

Amaro (Italy), 16 March 2009

- Consolidated revenues: +20% from €76.54 million to €91.73 million
- Consolidated gross profit: +32% from €38.11 million to €50.41 million
- Consolidated EBITDA: from €1.90 million to €5.92 million
- Adjusted consolidated EBITDA*: from €2.41 million to €7.80 million
- Consolidated EBIT: from € -4.11 million to € -13.52 million
- Adjusted consolidated EBIT*: from € -0.56 million to €+3.33 million
- Consolidated EBT: from € -4.16 million to € -15.68 million
- Adjusted consolidated EBT: from € -0.35 million to €+2.91 million
- Group's net loss: from € -4.92 million to € -12.71 million
- Adjusted Group's net loss: from € -2.60 million to € -0.38 million
- Net financial position: €0.57 million, with an improvement of €6.95 million
- Group's shareholders equity: €134.06 million, versus €121.47 million in 2007

The Board of Directors of Eurotech S.p.A. examined and approved today 2008 Draft Annual Report and Consolidated Financial Statements, that will be submitted to Shareholders Meeting.

Group consolidated revenues reported 20% growth over the financial year 2007, increasing from €76.54 million to €91.73 million, mainly because of a change in the consolidation area due to the acquisition of the Japanese Group Advanet, finalized during the fourth quarter of 2007.

Gross profit came to €50.41 million (+32% year on year), for a margin on sales of 55%, which is a significant improvement over 2007 (€38.11 million, equal to 49.8% of sales revenues), due to the joint effect of the business model, which is based on selling high value products, and the integration of management processes of purchased materials among all Group's subsidiaries.

EBITDA in the financial year 2008 came to €5.92 million, for a clear improvement over the €1.90 million of the previous year. Thanks also to the significant increase in the gross profit margin, the EBITDA margin on sales increased from 2.5% in 2007 to 6.5% in 2008.

The process of integration and consolidation of the acquisitions made in the last few years already started at the end of last year and continued throughout 2008. This process began in 2007 when Arcom Control Systems Ltd changed its name and Eurotech Ltd was born. This year's key move was the merger of two

EUROTECH
HEADQUARTERS

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

**PRESS RELEASE**

American companies Applied Data Systems Inc (ADS) and Arcom Control Systems Inc with the consequent establishment of Eurotech Inc. This operation also meant that we reconsidered entirely the presence of the different brands in the North American market; management decided to use a single "Eurotech" brand in all the sectors other than defence and consequently write down by Euro 10.77 million the residual value posted for the ADS and Arcom brands no longer used. The reduction in amortisation charges will already have a positive effect on the 2009 EBIT and on net profits, equating to approximately 2.1 and 1.2 million Euros respectively. Also the Japanese Group Advanet has been rationalized, through the merger of Vantec Inc in Spirit 21 Inc and the liquidation of the company Advanet R&D Inc.

Certain amounts of non-recurring costs deriving from this integration and reorganization of Group's subsidiaries had an impact on EBITDA: in particular, following the merger of ADS and Arcom write-downs have been applied in respect of account receivables and of inventories for an amount of approximately 0.7 million Euros; furthermore, a write-down has been applied in respect to inventories (finished goods and work in progress) held by the Japanese subsidiary Advanet for an amount of approximately Euro 0.9 millions, related to completed and partly completed customised products for which production volumes were in excess of demand. Excluding these non-recurring amounts and price allocation effects, 2008 adjusted EBITDA works out at 7.80 million Euros, which is 8.5% of consolidated revenues for the year (2.41 million Euros in 2007, which is 3.2% of consolidated revenues)

EBIT in the financial year 2008 came to a loss of €13.52 million, while 2007 showed a loss €4.11 million. EBIT was significantly affected by the non-monetary impact of the write-off of the brands ADS and Arcom, totalling €10.77 million. Net of all non-recurring and non-monetary effects, adjusted EBIT was positive for €3.33 million, while it was negative for €0.56 in 2007.

The pre-tax loss came to €15.68 million (vs. a loss of €4.16 million for 2007). Such a result was affected by the considerations mentioned above. The price allocation, write downs and integration and reorganisation costs had an effect on the result before tax equal to €18.59 million in 2008 and €3.81 million in 2007.

In 2008, the net loss for the Group amounted to €-12.71 million, compared with the loss of €4.92 million for the previous year. Net of the non-monetary effects of write-offs and price allocation and net of non-recurring costs, this result would be negative for €0.38 million (negative for €2.60 million in 2007).

As of 31 December 2008, the Group posted a net financial position of €0.57 million, better than the value posted at the end of 2007, which was negative for €6.38 million. Moreover, the cash flow generated by operating activities was €6.05 million.

EUROTECH
HEADQUARTERS

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

**PRESS RELEASE**

Group's shareholders equity came to €134.06 million (2007: €121.47 million) and including also contribution from minority interests the Consolidated shareholders equity came to €137.47 million (2007: €123.93 million)

On this day the Board of Directors also approved the annual report on the company's Corporate Governance. This report is made public through the website www.eurotech.com in the dedicated section, c/o the company's headquarters and c/o Borsa Italiana.

(*) Amounts net of non-monetary effects of Price Allocation related to acquisitions of Arcom Group, Applied Data Systems Inc. and Advanet Group, of non-recurring costs arising from one-time write-downs applied in respect of account receivables and inventories of American and Japanese subsidiaries and net of accounting impact deriving from Advanet's put option. Specifically:

- EBITDA was adjusted for recognition in the income statement of the higher value of the inventory identified at the time of acquisition and for netting costs for integration and reorganization of the Japanese and American subsidiaries;
- EBIT was adjusted for the aforesaid EBITDA impact and for depreciation of fixed assets recognised for business combinations;
- EBT was adjusted also to account for financial charges stemming from the put option issued on Advanet Inc.;
- Group's net loss was adjusted as per the above and to account for tax charges related to above adjustments and for minority interests on overall impact of Price Allocation.

In accordance with the article 2.2.3, subsection 3, letter a) of the Regulation of Borsa Italiana S.p.A., the Company informs that it made use of the exemption from publishing the 2008 fourth quarter report, since it has published the Draft Annual Report and Consolidated Financial Statements within 75 days after the end of 2008.

EUROTECH
HEADQUARTERS

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

In accordance with section 2 of Article 154-bis the Consolidated Finance Act, Financial Reporting Manager, Sandro Barazza, declared that the accounting information contained in this press release corresponds to accounting records, corporate books, and accounting entries.

PRESS RELEASE**About Eurotech**

Eurotech (ETH.MI) is a company based in Italy and with operating locations in Europe, North America and Asia. It is active in the research, development and marketing of miniaturised computers for special applications (NanoPCs) and high-performance computers (HPCs). With these two classes of products, Eurotech aims at becoming a leader in the pervasive computing Grid infrastructure, which can enable an entire range of value-added services and functions in the transportation, defence, industrial, medical and research sectors.

Company contacts:**Investor relations**

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

Corporate Press Office

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

International Press Office

Giovanni Sanfelice di Monteforte
Barabino & Partners UK Plc.
Tel.: +44 (0)20 71526425
e-mail: G.Sanfelice@barabino.co.uk

**EUROTECH
HEADQUARTERS**

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

PRESS RELEASE
ANNEXES – FINANCIAL STATEMENTS
CONSOLIDATED INCOME STATEMENT

OPERATING RESULTS (Thousands of Euro)	31/12/2007	%	31/12/2008	%
Revenues from sales of products and services	76,537	100.0%	91,731	100.0%
Operating costs:				
Cost of materials	(38,424)	-50.2%	(41,320)	-45.0%
Gross profit	38,113	49.8%	50,411	55.0%
Service costs	(14,797)	-19.3%	(17,268)	-18.8%
Lease & hire costs	(1,439)	-1.9%	(2,124)	-2.3%
Payroll costs	(22,583)	-29.5%	(27,433)	-29.9%
Other provisions and other costs	(844)	-1.1%	(1,289)	-1.4%
Other revenues	3,447	4.5%	3,624	4.0%
Profit before depreciation and amortization	1,897	2.5%	5,921	6.5%
Depreciation & amortisation	(5,774)	-7.5%	(7,945)	-8.7%
Asset impairment	(237)	-0.3%	(11,500)	-12.5%
Operating profit	(4,114)	-5.4%	(13,524)	-14.7%
Share of associates' profit of equity	(348)	-0.5%	(97)	-0.1%
Finance expense	(2,539)	-3.3%	(6,710)	-7.3%
Finance income	2,842	3.7%	4,652	5.1%
Profit before taxes	(4,159)	-5.4%	(15,679)	-17.1%
Income tax	(847)	-1.1%	3,201	3.5%
Net profit (loss) before minority interest	(5,006)	-6.5%	(12,478)	-13.6%
Minority interest	(84)	-0.1%	230	0.3%
Group net profit (loss) for period	(4,922)	-6.4%	(12,708)	-13.9%
Base earnings (losses) per share	(0.141)		(0.359)	
Diluted earnings (losses) per share	(0.141)		(0.359)	

EUROTECH
HEADQUARTERS

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

PRESS RELEASE
CONSOLIDATED BALANCE SHEET

(€'000)	at December 31, 2007	at December 31, 2008	Changes
ASSETS			
Intangible assets	111,918	114,399	2,481
Property, Plant and equipment	6,737	7,885	1,148
Investments in affiliates companies	109	875	766
Investments in other companies	930	249	(681)
Deferred tax assets	1,802	1,533	(269)
Other non-current assets	630	749	119
Total non-current assets	122,126	125,690	3,564
Inventories	22,129	19,783	(2,346)
Contracts in progress	2,364	383	(1,981)
Trade receivables	18,807	22,063	3,256
Income tax receivables	2,203	4,124	1,921
Other current assets	2,793	2,792	(1)
Other current financial assets	0	719	719
Derivative instruments	82	0	(82)
Cash & cash equivalents	56,604	38,684	(17,920)
Total current assets	104,982	88,548	(16,434)
Total assets	227,108	214,238	(12,870)
LIABILITIES AND EQUITY			
Share capital	8,879	8,879	0
Reserves	117,510	137,888	20,378
Net profit (loss) for period	(4,922)	(12,708)	(7,786)
Group shareholders' equity	121,467	134,059	12,592
Minority capital and reserves	2,549	3,184	635
Minority profit (loss) for period	(84)	230	314
Equity attributable to minority interest	2,465	3,414	949
Total shareholders' equity	123,932	137,473	13,541
Medium-/long-term borrowing	34,172	24,654	(9,518)
Employee benefit obligations	1,512	1,742	230
Deferred tax liabilities	15,055	12,556	(2,499)
Other non-current liabilities	1,345	1,921	576
Business combination liabilities	15,864	8,049	(7,815)
Total non-current liabilities	67,948	48,922	(19,026)
Trade payables	14,506	15,207	701
Short-term borrowing	9,787	5,782	(4,005)
Derivative instruments	0	346	346
Income tax liabilities	2,112	1,461	(651)
Other current liabilities	5,581	5,047	(534)
Business combination liabilities	3,242	0	(3,242)
Total current liabilities	35,228	27,843	(7,385)
Total liabilities	103,176	76,765	(26,411)
Total liabilities and equity	227,108	214,238	(12,870)

EUROTECH
HEADQUARTERS

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

PRESS RELEASE

CASH FLOW

CASH FLOW STATEMENT (€'000)	FY2007	FY 2008
CASH FLOWS GENERATED BY OPERATIONS:		
Group net profit	(4,922)	(12,708)
Adjustments to reconcile reported net profit with cash & cash equivalents generated (used) in operations:		
Minority interests	(84)	230
Depreciation & amortization intangible assets, property, plant and equipment	6,011	19,445
Write-down of receivables	232	332
Affiliated companies booked at equity	348	97
Cost for bringing up-to-date and exchange adjustment for put option	261	1,742
Stock option expenses	260	0
Provision for (use of) long-term employee severance indemnities	382	230
Provision for (use of) risk provision	(24)	576
(Provision for) / use of deferred tax asset / Provision for (use of) deferred tax liability	(1,175)	(2,230)
Changes in current assets and liabilities		
Trade receivables	1,773	(3,588)
Other current assets	5,820	(1,919)
Inventories and contracts in process	(599)	4,327
Trade payables	(6,223)	701
Other current liabilities	(3,059)	(1,185)
Total adjustments and changes	3,923	18,758
Cash flow generated (used) in operations	(999)	6,050
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Sales of tangible and intangible assets	9	108
Interest income	2,672	1,805
Purchase of intangible fixed assets	(3,879)	(3,066)
Purchase of tangible fixed assets	(1,515)	(2,495)
Increases decreases other financial assets	0	(719)
Net investments in long-term investments and non-current assets	(12)	(301)
Business acquisition net of cash acquired:	(69,446)	(3,365)
<i>Intangible assets</i>	(349)	0
<i>Goodwill</i>	(54,094)	0
<i>Trademark, customer relationship and order book</i>	(36,613)	0
<i>Tangible assets</i>	(2,255)	0
<i>Other non-current assets</i>	(3,728)	0
<i>Current assets</i>	(27,797)	0
<i>Provisions for risks & contingencies and employee severance indemnities</i>	1,556	0
<i>Liabilities</i>	41,356	0
<i>Equity attributable to minority interest</i>	2,478	0
<i>Minority purchase</i>	(8,394)	9,434
<i>Business combination liabilities</i>	18,395	(12,799)
Cash flow generated (used) in investment activities	(72,170)	(8,033)

 EUROTECH
 HEADQUARTERS

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

PRESS RELEASE
CASH FLOW FROM FINANCING ACTIVITIES:

Capital increases	1,739	0
Other changes in shareholders' equity	64	(1,296)
Minority	0	(52)
Loans taken	15,200	158
Increases (decreases) short term loan	1,168	(1,110)
Repaid loans medium/long term	(7,333)	(14,376)
<hr/>		
Cash flow generated (absorbed) by financial assets	10,838	(16,676)
<hr/>		
Changes in the conversion difference	(679)	739
Increases (decreases) in cash & cash equivalents	(63,010)	(17,920)
<hr/>		
Opening amount in cash & cash equivalents	119,614	56,604
<hr/>		
Cash & cash equivalents at end of period	56,604	38,684
<hr/>		
Interest paid	1,628	4,027
Income taxes paid	2,392	5,780

EUROTECH
HEADQUARTERS

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

PRESS RELEASE
NET FINANCIAL POSITION

(€'000)		at December 31, 2007	at December 31, 2008
Cash & cash equivalents	A	(56,604)	(38,684)
Cash equivalent	B=A	(56,604)	(38,684)
Other current financial assets	C	0	(719)
Derivative instruments	D	(82)	346
Short-term borrowing	E	9,787	5,782
Business aggregation liabilities	F	3,242	0
Short-term financial position	G=C+D+E+F	12,947	5,409
Short-term net financial position	H=B+G	(43,657)	(33,275)
Business aggregation liabilities	I	15,864	8,049
Medium-/long-term borrowing	J	34,172	24,654
Medium-/long-term net financial position	K=I+J	50,036	32,703
NET FINANCIAL POSITION	L=H+K	6,379	(572)

EUROTECH
HEADQUARTERS

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

PRESS RELEASE
NET WORKING CAPITAL

(€'000)	at December 31,		Changes (b-a)
	2007 (a)	2008 (b)	
Inventories	22,129	19,783	(2,346)
Contracts in progress	2,364	383	(1,981)
Trade receivables	18,807	22,063	3,256
Income tax receivables	2,203	4,124	1,921
Other current assets	2,793	2,792	(1)
<i>Current assets</i>	<i>48,296</i>	<i>49,145</i>	<i>849</i>
Trade payables	(14,506)	(15,207)	(701)
Income tax liabilities	(2,112)	(1,461)	651
Other current liabilities	(5,581)	(5,047)	534
<i>Current liabilities</i>	<i>(22,199)</i>	<i>(21,715)</i>	<i>484</i>
Net working capital	26,097	27,430	1,333

EUROTECH
HEADQUARTERS

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