

EUROTECH: BOARD APPROVES CONSOLIDATED HALF-YEAR RESULTS TO 30TH JUNE 2011

Amaro (Italy), 29 August 2011

- Consolidated revenues: from €41.82 million to €41.16 million
- Consolidated gross profit: from €21.49 million to €21.19 million
- Consolidated EBITDA: from €503 thousand to €-598 thousand
- Consolidated EBIT: from €-3.39 million to €-4.33 million
- Consolidated pre-tax profit (loss): from €-4.76 million to €-5.37 million
- Group net profit (loss): from EUR -4.96 million to EUR -5.41 million
- Net financial debt: €16.79 million
- Group shareholders' equity: €118.47 million

Today the Board of Directors of Eurotech S.p.A. reviewed and approved the results for the first half of 2011.

In the first six months of this year, Group revenues decreased slightly, by 1.6%, to €41.16 million, from €41.82 million in the first half of 2010. The first semester was affected by an uncertain situation in the US market, leading to a slowdown in the order intake, as well as a deferral in turnover in the Japanese market following the earthquake in March. However, the different impact of the first half on total annual turnover, and the current order situation, suggest that the second semester will show an improvement on the second half of last year.

The overall global situation in recent months has been uncertain, requiring constant monitoring of the performance of the various economies world-wide, together with an analysis of any weak signals from the markets. However, the substantial efforts made in recent years to create an integrated and cohesive Group, and the Group's international presence on three continents, allow us to mitigate the local negative effects and to grasp opportunities where these arise.

The gross profit margin remains at the same level as in 2010, at 51.5%. This stability in gross profit, apart from some minor changes due to the product mix sold on the basis of application sectors and

geographical markets, shows that the Group is able to maintain the target margins and focus on containing the costs of materials.

Operating costs as a percentage of revenues, gross of adjustments, decreased from 56.6% in 1H10 (€23.7 million) to 55.6% in 1H11 (€22.9 million). This performance had a positive effect on Group EBITDA.

The cost rationalisation actions launched in recent years continued in the first half of 2011, although this was combined with continuing investment in activities expected to provide a return in the coming years.

EBITDA went from €0.5 million in the first half of 2010 to €-0.6 million in the first half of 2011.

EBIT went from €-3.39 million in 1H10 to €-4.33 million in 1H11. EBIT as a percentage of revenues was also affected by turnover, coming in at -10.5%, compared with -8.1% a year earlier. This performance reflects the EBITDA performance, and also depreciation and amortisation booked to the income statement in 1H11, arising both from operating assets that became subject to depreciation in 1H11 and from PPA effects relating to the acquisitions of Eurotech Inc. (formerly Applied Data Systems Inc. and Arcom Control Systems Inc.) and the Advanet Group. The effect on EBIT of the higher value attributed as a result of PPA was €1.6 million in 1H11, similar to the same period of 2010.

The Group posted a pre-tax loss of €5.37 million in 1H11, compared with a loss of EUR 4.76 million in 1H10, influenced by the factors described above. PPA effects on the pre-tax result amounted to €1.62 million in 1H11 and to €2.95 million in 1H10.

The Group posted a net loss of €5.41 million in 1H11, compared with a loss of €4.96 million in 1H10, reflecting the trend in the pre-tax result and the current tax burden. Due to the acquisition by Advanet of treasury shares amounting to 10% of the capital during the year, the minority interest on the Japanese group is no longer represented.

At 30 June 2011, Group net financial debt was €16.79 million, compared with €8.64 million at 31 December 2010, owing to the use of cash for acquisitions and to support operations.

Working capital decreased slightly, from €30.21 million at 31 December 2010 to €29.92 million at 30 June 2011. This improvement was largely the result of careful control of the duration of receivables and payables, despite an increase in inventories to respond to expected sales volumes in the second half of the year.

We advise the public that, as required by Consob (the Italian securities and exchange commission), the Consolidated Half-Yearly Financial Report at 31 June 2011 is available to anyone who requests it at the

Company's registered office and at the registered office of Borsa Italiana SpA. The report is also available on Eurotech's website at www.eurotech.com.

Pursuant to Article 154-bis, Paragraph 2, of the Italian Consolidated Law on Finance, the Financial Reporting Manager of Eurotech SpA, 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 EUROTECH GROUP

Eurotech (ETH.MI) is a global company based in Italy and with offices and subsidiaries in Europe, North America and Asia. The Eurotech Group develops and markets miniaturised computers for special use (NanoPCs) and computers featuring superior computing capacity (HPCs – High-Performance Computers). With these two product categories, Eurotech aims to become a leader in the implementation of pervasive computing, which, leveraging on cloud IT infrastructure, enables an entire range of value-added services and functions in the transport, defence, industrial, medical and scientific-research sectors.

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ANNEXES – FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (€ '000)	1H 2011		1H 2010 (a)		change (b-a)	
	(b)	%		%	amount	%
Sales revenue	41,164	100.0%	41,823	100.0%	(659)	-1.6%
Cost of material	(19,973)	-48.5%	(20,337)	-48.6%	(364)	1.8%
Gross profit	21,191	51.5%	21,486	51.4%	(295)	-1.4%
Services costs	(7,973)	-19.4%	(8,606)	-20.6%	(633)	7.4%
Lease & hire costs	(1,185)	-2.9%	(1,174)	-2.8%	11	0.9%
Payroll costs	(12,847)	-31.2%	(13,292)	-31.8%	(445)	-3.3%
Other provisions and costs	(900)	-2.2%	(590)	-1.4%	310	-52.5%
Other revenues	1,116	2.7%	2,679	6.4%	(1,563)	-58.3%
EBITDA	(598)	-1.5%	503	1.2%	(1,101)	-218.9%
Depreciation & Amortization	(3,734)	-9.1%	(3,877)	-9.3%	(143)	3.7%
Asset impairment	0	0.0%	(12)	0.0%	(12)	100.0%
EBIT	(4,332)	-10.5%	(3,386)	-8.1%	(946)	27.9%
Share of associates' profit at equity	(139)	-0.3%	(898)	-2.1%	(759)	-84.5%
Finance expense	(3,598)	-8.7%	(2,759)	-6.6%	839	30.4%
Finance income	2,700	6.6%	2,279	5.4%	421	18.5%
Profit before tax	(5,369)	-13.0%	(4,764)	-11.4%	(605)	12.7%
Income tax	(40)	-0.1%	(263)	-0.6%	(223)	-84.8%
Net profit before minority interest	(5,409)	-13.1%	(5,027)	-12.0%	(382)	7.6%
Minority interest	0	0.0%	(64)	-0.2%	64	100.0%
Group net profit (loss)	(5,409)	-13.1%	(4,963)	-11.9%	(446)	9.0%
Base earnings per share	(0.154)		(0.141)			
Diluted earnings per share	(0.154)		(0.141)			

CONSOLIDATED BALANCE SHEET & STATEMENT OF FINANCIAL POSITION

(€'000)	at June 30, 2011	at December 31, 2010
ASSETS		
Intangible assets	111,584	120,328
Property, Plant and equipment	5,845	6,582
Investments in affiliate companies	279	308
Investments in other companies	249	230
Deferred tax assets	1,522	1,658
Other non current financial assets	226	236
Medium/long term borrow ing allowed to affiliates companies and other Group companies	1,211	636
Other non-current assets	950	1,018
Total non-current assets	121,866	130,996
Inventories	25,171	21,587
Contracts in progress	689	257
Trade receivables	22,248	28,971
Income tax receivables	1,965	1,879
Other current assets	2,805	3,305
Cash & cash equivalents	10,000	23,751
Total current assets	62,878	79,750
Total assets	184,744	210,746
LIABILITIES AND EQUITY		
Share capital	8,879	8,879
Share premium reserve	136,400	136,400
Other reserves	(26,809)	(13,761)
Group shareholders' equity	118,470	131,518
Equity attributable to minority interest	0	3,966
Total shareholders' equity	118,470	135,484
Medium-/long-term borrow ing	19,058	22,873
Employee benefit obligations	1,507	1,681
Deferred tax liabilities	11,231	12,307
Other non-current liabilities	2,357	2,225
Total non-current liabilities	34,153	39,086
Trade payables	16,369	18,824
Short-term borrow ing	8,756	8,985
Derivative instruments	213	339
Income tax liabilities	252	1,214
Other current liabilities	6,335	5,748
Business combination liabilities	196	1,066
Total current liabilities	32,121	36,176
Total liabilities	66,274	75,262
Total liabilities and equity	184,744	210,746

STATEMENT OF CHANGES IN SHAREHOLDERS' 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, 2010	8,879	39	136,400	25,938	(31,203)	(339)	(777)	(1,340)	(6,079)	131,518	3,966	135,484
2010 Result allocation	-	-	-	-	(6,079)	-	-	-	6,079	-	-	-
Profit (loss) as at June 30, 2011	-	-	-	-	-	-	-	-	(5,409)	(5,409)	-	(5,409)
<i>Comprehensive other profit (loss)</i>												
- Hedge transactions	-	-	-	-	-	126	-	-	-	126	-	126
- Foreign balance sheets conversion difference	-	-	-	(7,810)	-	-	-	-	-	(7,810)	-	(7,810)
- Exchange differences on equity method	-	-	-	-	(43)	-	-	-	-	(43)	-	(43)
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	(1,509)	-	-	(1,509)	-	(1,509)
Comprehensive result	-	-	-	(7,810)	(43)	126	(1,509)	-	(5,409)	(14,645)	-	(14,645)
Minority purchase	-	-	-	-	1,597	-	-	-	-	1,597	(3,966)	(2,369)
Balance as at June 30, 2011	8,879	39	136,400	18,128	(35,728)	(213)	(2,286)	(1,340)	(5,409)	118,470	-	118,470

NET FINANCIAL POSITION

(€'000)		at June 30, 2011	at December 31, 2010	at June 30, 2010
Cash & cash equivalents	A	(10,000)	(23,751)	(22,679)
Cash equivalent	B=A	(10,000)	(23,751)	(22,679)
Other current financial assets	C	0	0	0
Derivative instruments	D	213	339	502
Short-term borrowing	E	8,756	8,985	8,581
Business aggregation liabilities	F	196	1,066	1,973
Short-term financial position	G=C+D+E+F	9,165	10,390	11,056
Short-term net financial position	H=B+G	(835)	(13,361)	(11,623)
Medium/long term borrowing allowed to affiliates companies	I	(1,211)	(636)	(1,014)
Other non current financial assets	K	(226)	(236)	(236)
Medium/long term borrowing	L	19,058	22,873	18,135
Medium-/long-term net financial position	M=I+J+K+L	17,621	22,001	16,885
(NET FINANCIAL POSITION) NET DEBT	N=H+M	16,786	8,640	5,262

WORKING CAPITAL

(€'000)	at June 30, 2011 (b)	at December 31, 2010 (a)	at June 30, 2010	Changes (b-a)
Inventories	25,171	21,587	22,629	3,584
Contracts in progress	689	257	346	432
Trade receivables	22,248	28,971	21,188	(6,723)
Income tax receivables	1,965	1,879	2,872	86
Other current assets	2,805	3,305	3,388	(500)
Current assets	52,878	55,999	50,423	(3,121)
Trade payables	(16,369)	(18,824)	(16,372)	2,455
Income tax liabilities	(252)	(1,214)	(1,607)	962
Other current liabilities	(6,335)	(5,748)	(6,504)	(587)
Current liabilities	(22,956)	(25,786)	(24,483)	2,830
Net working capital	29,922	30,213	25,940	(291)