

EUROTECH: APPROVAL OF CONSOLIDATED QUARTERLY REPORT AT 30.09.11

Slight growth in revenues over nine months and marked improvement in third-quarter EBITDA.

Amaro (Italy), November 14th, 2011

- Consolidated revenues: from €65.76 million to €66.20 million (+0.7%)
- Consolidated gross profit: from €33.75 million to €34.16 million
- Consolidated EBITDA: from €1.71 million to €1.84 million
- Consolidated EBIT: from €-4.25 million to €-3.75 million
- Consolidated pre-tax result: from €-6.30 million to €-5.27 million
- Net financial debt: €15.4 million
- Group shareholders' equity: €131.2 million

Today the Board of Directors of Eurotech SpA reviewed and approved the results for the first nine months of 2011 and for the third quarter of 2011.

FIRST NINE MONTHS OF 2011

In the first nine months of the year, Group revenues registered a slight growth, increasing by 0.7% to €66.20 million, compared with €65.76 million in the same period of 2010.

However, the sales performance in the first nine months of the year was influenced by the global economic climate, that has been effecting the regions in which the Group operates albeit to differing extents in the various market segments. Management continues to closely monitor trends in local economies, profiting as much as possible from the Group's international presence and exploiting opportunities wherever these present themselves.

The gross profit margin came in at 51.6% for the first nine months of 2011, in line with previous quarters and just over the figure recorded for the same period of 2010. The margin's stability in percentage terms, aside from some small variations due to the mix of products sold according to the application sectors and the end markets, confirms the Group's ability to maintain its set margins and its continuing focus on curbing costs of purchased items.

During the nine months just ended, the Group continued to focus on optimum use of synergies between associated companies, reducing operating costs, which decreased from €35.67 million in 2010 to €34.08 million in 2011, an improvement of 4.5%. Operating costs as a percentage of revenues also improved markedly, decreasing from 54.2% in the first nine months of 2010 to 51.5% in the same period this year. This reduction is expected to continue over 12

months, given that Group revenues are usually concentrated in the fourth quarter. The efforts to find synergies launched in recent years have not, however, restricted continual investment in business activities that will generate financial returns in the coming reporting periods.

EBITDA rose from €1.71 million in the first nine months of 2010 to €1.84 million in the same period of 2011. This improvement reflects lower operating costs achieved despite a higher headcount, confirming management's aim of building an efficient overall structure. The improvement in EBITDA was partly limited by a decrease in other revenues, which totalled €1.6 million in the first nine months of 2011, compared with €2.3 million in the same period of 2010. EBITDA as a percentage of revenues was largely stable in the two reporting periods, coming in at 2.8%.

EBIT totalled €-3.75 million, at -5.7% of revenues, representing an improvement on the first nine months of 2010 (€-4.25 million and -6.5% of revenues). The ratio of EBIT to revenues continues to be affected by sales, which remain lower than the structure's real potential, as well as depreciation and amortisation charged to the income statement in the first nine months of 2011, which arose both from operating assets that became subject to depreciation during this period and from the non-monetary effects of PPA (purchase price allocation), which in the first nine months of 2011 amounted to €2.44 million (versus €2.51 million in the same period of 2010).

The pre-tax result for the nine months under review was €-5.27 million (versus €6.30 million in the first nine months of 2010). This performance was affected by the factors mentioned above and by the results of financial operations, which in turn were affected by the net financial position, as well as exchange rate differences caused by foreign currency trends.

The Group net loss decreased from €7.23 million in the first nine months of 2010 to €6.44 million in the same period this year. Total PPA effects had a €1.43 million impact on the Group net loss in 9M11 (vs. €2.65 million in 9M10).

At 30 September 2011, the Group had net financial debt of €15.38 million, compared with €8.64 million at 31 December 2010. Cash and cash equivalents totalled €12.90 million at the end of September 2011.

Net working capital at the same date totalled €31.41 million, up on the €30.21 million registered at 31 December 2010 and up in absolute terms on the figure of €28.02 million recorded at 30 September 2010, mainly due to growth in inventory to meet delivery requests for the end of the year.

THIRD QUARTER 2011

Group revenues in the third quarter 2011 rose by 4.6% on the same period of 2010, from €23.93 million to €25.04 million. This performance reflects more orders at the start of the year in the various sectors and markets in which the Group operates.

As in the first nine months of the year, in the third quarter the different sales mix led to a slight increase in the gross profit margin, which came in at 51.8% of revenues in 2011 compared with 51.2% in the third quarter of 2010.

EBITDA came in at €2.43 million (9.7% of sales) in the third quarter of 2011, compared with €1.21 million in the same period a year previously (5.0% of sales). The EBITDA performance was positively influenced by trends in both turnover and operating costs, as previously mentioned.

EBIT improved in the third quarter of 2011, rising to €579 thousand (2.3% of revenues), from €-860 thousand (-3.6% of revenues) in the same period of 2010. PPA had a negative effect on EBIT of €814 thousand in the third quarter of 2011 and €877 thousand in the same period a year previously.

The pre-tax result was €0.1 million, compared with €-1.54 million in the third quarter of 2010, owing to the EBIT performance mentioned above combined with the trend of the currencies and the resulting exchange rate differences accounted for.

The Group net loss came to €1.03 million in the third quarter, compared with €2.26 million in the same period a year previously.

We advise the public that, as required by the CONSOB (Italian securities & exchange commission), the Consolidated Quarterly Report at 30.09.11 is available to anyone on request at the company's registered headquarters as well as at the headquarters 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 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.

THE EUROTECH GROUP

Eurotech (ETH.MI) is a global company that integrates hardware, software and expertise in applications to provide embedded computing platforms and sub-systems to OEMs, system integrators and leading corporate customers, to enable them to effectively and efficiently deploy their products and services. Drawing on the concept of minimalist computing, Eurotech lowers power draw, minimises physical size and reduces coding complexity to bring embedded platforms, sub-systems, ready-to-use devices and high-performance computers to market, specialising in the defence, transport, logistics, industrial and medical segments. By combining specific expertise in wireless connectivity as well as communications protocols, Eurotech architects integrated solutions that simplify data capture, processing and transfer over global communications networks. Our customers rely on us to simplify their access to cutting-edge digital technologies so they can focus on their core competencies. For more information on Eurotech, visit the website at www.eurotech.com.

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ANNEXES – FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (€ '000)	3rd Qtr 2011		3rd Qtr 2010		9 months 2011 (a)		9 months 2010 (b)		change (b-a)	
		%		%		%		%	amount	%
Sales revenue	25,035	100.0%	23,932	100.0%	66,199	100.0%	65,755	100.0%	444	0.7%
Cost of material	(12,068)	-48.2%	(11,672)	-48.8%	(32,041)	-48.4%	(32,009)	-48.7%	(32)	0.1%
Gross profit	12,967	51.8%	12,260	51.2%	34,158	51.6%	33,746	51.3%	412	1.2%
Services costs	(4,160)	-16.6%	(4,374)	-18.3%	(12,133)	-18.3%	(12,980)	-19.7%	847	-6.5%
Lease & hire costs	(601)	-2.4%	(605)	-2.5%	(1,786)	-2.7%	(1,779)	-2.7%	(7)	0.4%
Payroll costs	(6,248)	-25.0%	(6,618)	-27.7%	(19,095)	-28.8%	(19,910)	-30.3%	815	-4.1%
Other provisions and costs	(166)	-0.7%	(407)	-1.7%	(1,066)	-1.6%	(997)	-1.5%	(69)	6.9%
Other revenues	641	2.6%	950	4.0%	1,757	2.7%	3,629	5.5%	(1,872)	51.6%
EBITDA	2,433	9.7%	1,206	5.0%	1,835	2.8%	1,709	2.6%	126	7.4%
Depreciation & Amortization	(1,836)	-7.3%	(2,066)	-8.6%	(5,570)	-8.4%	(5,943)	-9.0%	373	6.3%
Asset impairment	(18)	-0.1%	0	0.0%	(18)	0.0%	(12)	0.0%	(6)	50.0%
EBIT	579	2.3%	(860)	-3.6%	(3,753)	-5.7%	(4,246)	-6.5%	493	11.6%
Share of associates' profit at equity	0	0.0%	0	0.0%	(139)	-0.2%	(898)	-1.4%	759	-84.5%
Finance expense	(2,266)	-9.1%	(1,516)	-6.3%	(5,864)	-8.9%	(4,275)	-6.5%	(1,589)	37.2%
Finance income	1,790	7.1%	841	3.5%	4,490	6.8%	3,120	4.7%	1,370	43.9%
Profit before tax	103	0.4%	(1,535)	-6.4%	(5,266)	-8.0%	(6,299)	-9.6%	1,033	-16.4%
Income tax	(1,134)	-4.5%	(681)	-2.8%	(1,174)	-1.8%	(944)	-1.4%	(230)	24.4%
Net profit before minority interest	(1,031)	-4.1%	(2,216)	-9.3%	(6,440)	-9.7%	(7,243)	-11.0%	803	11.1%
Minority interest	0	0.0%	47	0.2%	0	0.0%	(17)	0.0%	17	100.0%
Group net profit (loss)	(1,031)	-4.1%	(2,263)	-9.5%	(6,440)	-9.7%	(7,226)	-11.0%	786	10.9%
Base earnings per share					(0.183)		(0.206)			
Diluted earnings per share					(0.183)		(0.206)			

CONSOLIDATED BALANCE SHEET & STATEMENT OF FINANCIAL POSITION

(€'000)	at September 30, 2011	at December 31, 2010
ASSETS		
Intangible assets	122,759	120,328
Property, Plant and equipment	5,861	6,582
Investments in affiliate companies	319	308
Investments in other companies	262	230
Deferred tax assets	1,419	1,658
Other non current financial assets	226	236
Medium/long term borrow ing allow ed to affiliates companies and other Group companies	1,259	636
Other non-current assets	1,041	1,018
Total non-current assets	133,146	130,996
Inventories	26,758	21,587
Contracts in progress	3,321	257
Trade receivables	20,110	28,971
Income tax receivables	1,463	1,879
Other current assets	2,734	3,305
Cash & cash equivalents	12,903	23,751
Total current assets	67,289	79,750
Total assets	200,435	210,746
LIABILITIES AND EQUITY		
Share capital	8,879	8,879
Share premium reserve	136,400	136,400
Other reserves	(14,087)	(13,761)
Group shareholders' equity	131,192	131,518
Equity attributable to minority interest	0	3,966
Total shareholders' equity	131,192	135,484
Medium-/long-term borrow ing	19,007	22,873
Employee benefit obligations	1,641	1,681
Deferred tax liabilities	12,383	12,307
Other non-current liabilities	2,479	2,225
Total non-current liabilities	35,510	39,086
Trade payables	15,315	18,824
Short-term borrow ing	10,147	8,985
Derivative instruments	406	339
Income tax liabilities	509	1,214
Other current liabilities	7,147	5,748
Business combination liabilities	209	1,066
Total current liabilities	33,733	36,176
Total liabilities	69,243	75,262
Total liabilities and equity	200,435	210,746

STATEMENT OF 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	Minority interest capital & reserves	Profit (loss) of third parties	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	3,900	66	3,966	135,484
2010 Result allocation	-	-	-	-	(6,079)	-	-	-	6,079	-	66	(66)	-	-
Profit (loss) as at September 30, 2011	-	-	-	-	-	-	-	-	(6,440)	(6,440)	-	-	-	(6,440)
<i>Comprehensive other profit (loss)</i>														
- Hedge transactions	-	-	-	-	-	(67)	-	-	-	(67)	-	-	-	(67)
- Foreign balance sheets conversion difference	-	-	-	4,836	-	-	-	-	-	4,836	-	-	-	4,836
- Exchange differences on equity method	-	-	-	-	(43)	-	-	-	-	(43)	-	-	-	(43)
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	(209)	-	-	(209)	-	-	-	(209)
Comprehensive result	-	-	-	4,836	(43)	(67)	(209)	-	(6,440)	(1,923)	-	-	-	(1,923)
Minority purchase	-	-	-	-	1,597	-	-	-	-	1,597	(3,966)	-	(3,966)	(2,369)
Balance as at September 30, 2011	8,879	39	136,400	30,774	(35,728)	(406)	(986)	(1,340)	(6,440)	131,192	-	-	-	131,192

NET FINANCIAL POSITION

(€'000)		at September 30, at December 31, at September 30,		
		2011	2010	2010
Cash & cash equivalents	A	(12,903)	(23,751)	(17,189)
Cash equivalent	B=A	(12,903)	(23,751)	(17,189)
Other current financial assets	C	0	0	0
Derivative instruments	D	406	339	523
Short-term borrowing	E	10,147	8,985	8,976
Business aggregation liabilities	F	209	1,066	1,778
Short-term financial position	G=C+D+E+F	10,762	10,390	11,277
Short-term net financial position	H=B+G	(2,141)	(13,361)	(5,912)
Medium/long term borrowing allowed to affiliates companies	I	(1,259)	(636)	(972)
Business aggregation liabilities	J	0	0	0
Other non current financial assets	K	(226)	(236)	(236)
Medium/long term borrowing	L	19,007	22,873	18,022
Medium-/long-term net financial position	M=I+J+K+L	17,522	22,001	16,814
(NET FINANCIAL POSITION) NET DEBT	N=H+M	15,381	8,640	10,902

WORKING CAPITAL

(€'000)	at September at December 31, at September			
	30, 2011	2010	30, 2010	Changes
	(b)	(a)		(b-a)
Inventories	26,758	21,587	22,933	5,171
Contracts in progress	3,321	257	319	3,064
Trade receivables	20,110	28,971	22,526	(8,861)
Income tax receivables	1,463	1,879	2,026	(416)
Other current assets	2,734	3,305	4,115	(571)
Current assets	54,386	55,999	51,919	(1,613)
Trade payables	(15,315)	(18,824)	(16,866)	3,509
Income tax liabilities	(509)	(1,214)	(900)	705
Other current liabilities	(7,147)	(5,748)	(6,128)	(1,399)
Current liabilities	(22,971)	(25,786)	(23,894)	2,815
Net working capital	31,415	30,213	28,025	1,202