

EUROTECH: THE BOARD APPROVES DRAFT STATUTORY AND CONSOLIDATED FINANCIAL STATEMENTS FOR FY2010

Revenues and EBITDA growing to beyond 2008 pre-crisis levels

Amaro (Italy), 15 March 2011

- Consolidated revenues: from € 83.53 million to € 99.27 million, +18.8%
- Consolidated gross profit: from € 42.97 million to € 50.41 million
- Consolidated EBITDA: from € 1.29 million to € 7.39 million
- Consolidated EBIT: from € -6.63 million to € -0.74 million
- Consolidated pre-tax profit (loss): from € -8.99 million to € -3.81 million
- Group net profit (loss): from € -9.60 million to € -6.08 million
- Net financial debt: € -8.64 million
- Group shareholders' equity: € 131.52 million
- Eurotech S.p.A.: net profit (loss) from € -9.22 million to € -0.52 million

Today the Board of Directors of Eurotech S.p.A. reviewed and approved the draft Statutory and Consolidated Financial Statements as at 31 December 2010, which will be submitted to the Ordinary Shareholders' Meeting.

The Group's consolidated revenues grew by 18.8%, increasing by € 15.74 million to € 99.27 million vs. € 83.53 million in 2009. The increase, which had already emerged during the financial year (FY), confirms sales recovery after a 2009 featuring, for the first time in the Eurotech Group's history, a decrease of business turnover, due to the global economic situation. Although it cannot be certain that all the effects of the adverse economic situation were played out in 2010, the Group has seen signs of recovery in all the various geographical areas where it operates.

Gross margin amounted to € 50.41 million and, during the various quarters of FY2010, remained in line with management's budget projections, reaching a margin of 50.8% on sales at year-end, slightly lower than the 51.4% of 2009 but in any case well above the 50% that is the target level of Eurotech's business model. Some minor fluctuations of gross profit margin are natural and depend on the mix of products sold, which feature different margins depending on type, application sectors and outlet markets. In addition, gross profit margin is still feeling the effects of the ongoing shortage of electronic components (chips) characterizing the global electronics market.

In FY2010 operating costs (before related adjustments for internal increases) as a percentage of sales decreased compared with 2009, going down to around 47.6% - definitely much better than the 54.3% of 2009. In absolute value, these costs rose from € 45.37 million in 2009 to € 47.25 million in 2010, mainly because of different exchange rates for the translation of foreign-currency financial statements. Management in fact continued to dedicate attention during 2010

to consolidation of synergies between Group companies. This led to further rationalization of existing resources, with results in terms of fixed-cost reduction more visibly evident in local-currency financial statements.

Sales performance, as well as the reduction of operating costs in some geographical areas, permitted considerable improvement of the EBITDA, which was positive by € 7.39 million as compared with € 1.29 million in 2009.

EBITDA margin on revenues was 7.4% in 2010 vs. 1.5% in 2009 and even exceeded 2008 levels (€ 5.92 million, 6.5% on sales), thus returning to the levels prior to global economic crisis.

FY2010 EBIT showed clear improvement over FY2009, going from € -6.63 million to € -0.74 million. EBIT margin on revenues was -0.7% in 2010 vs. -7.9% in 2009.

There was a pre-tax loss of € -3.81 million (vs. a loss of € -8.99 million in 2009). Besides being affected by the factors described above, this result was also affected by foreign exchange differences caused by the trend in foreign currencies, together with the trend in the net financial position. A significant impact on the finance expense was attributable to the effects of valuation of the debt for the put option on 25% of Advanet Inc., which led to negative foreign exchange differences of € -1,278 thousand. The impact on the pre-tax result stemming from purchase-price allocation and from the charges relating to the put option was € 4.57 million in 2010 and € 3.99 million in 2009.

The Group net loss in FY2010 amounted to € -6.08 million vs. € -9.60 million in FY2009. Eliminating the non-cash effects of purchase-price allocation, the loss would have been € -3.05 million (vs. € -6.99 million in 2009).

As at 31 December 2010 the Group showed net financial debt of € -8.64 million, improving vs. € -10.11 million at 2009 year-end. This trend reflected the company's ability to generate positive cash flows notwithstanding the payment made during the year for the 25% equity interest in Advanet, offset only in part by the cash resources coming from a loan taken out at the end of the year.

Group shareholders' equity amounted to € 131.52 million (2009: € 116.90 million) and, taking minority interests into account, consolidated shareholders' equity amounted to € 135.48 million (2009: € 120.07 million).

Statutory financial statements of the Parent company Eurotech S.p.A.

Revenues grew by +22.6% and totalled € 11.19 million vs. € 9.13 million in 2009. The net loss was € -0.52 million vs. € -9.22 million in 2009.

Shareholders' equity as at 31 December 2010 was € 107.71 million vs. € 108.12 million in 2009. The Parent company featured a positive net financial position of € 4.92 million vs. € 1.92 million at 2009 year-end.

Pursuant to Article 154-bis, Paragraph 2, of the Italian Consolidated Finance Act (Legislative Decree 58/1998), the Financial Reporting Manager of Eurotech S.p.A., Sandro Barazza, herewith declares that the financial disclosure contained in this press release corresponds to documentary evidence, corporate books, and accounting records

The Board also approved the Corporate Governance Report, which also contains information on ownership status pursuant to Article 123-*bis* of the Italian Consolidated Finance Act. The Report will be published as per the timing and procedures established by current regulations.

In compliance with the new requirements of paragraphs 1 and 1-*bis* of Article 154-*ter* of the Italian Consolidated Finance Act, the annual financial report – comprising draft separate financial statements, consolidated financial statements, the management report on operations, the corporate governance report and the certification of the Financial Reporting Manager, together with the reports of the independent statutory audit firm and of the Board of Statutory Auditors – will be published by and no later than 31 March 2011.

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 miniaturized computers for special uses (NanoPCs) and computers featuring high computing capacity (HPCs – High Performance Computers). With these two product categories Eurotech aims to become a leader in implementation of the pervasive computing infrastructure commonly known as Cloud or Grid, capable of enabling an entire range of value-added activities and services in the transport, defence, industrial, medical and scientific-research sectors.

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ANNEXES – FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT						change (b-a)	
(€ '000)	FY2010 (a)	%	FY2009 (b)	%	amount	%	
Sales revenue	99,269	100.0%	83,529	100.0%	15,740	18.8%	
Cost of material	(48,863)	-49.2%	(40,562)	-48.6%	(8,301)	20.5%	
Gross profit	50,406	50.8%	42,967	51.4%	7,439	17.3%	
Services costs	(17,042)	-17.2%	(15,529)	-18.6%	(1,513)	9.7%	
Lease & hire costs	(2,377)	-2.4%	(2,088)	-2.5%	(289)	13.8%	
Payroll costs	(26,447)	-26.6%	(25,694)	-30.8%	(753)	2.9%	
Other provisions and costs	(1,385)	-1.4%	(2,063)	-2.5%	678	-32.9%	
Other revenues	4,239	4.3%	3,696	4.4%	543	14.7%	
EBITDA	7,394	7.4%	1,289	1.5%	6,105	473.6%	
Depreciation & Amortization	(7,851)	-7.9%	(7,205)	-8.6%	(646)	9.0%	
Asset impairment	(284)	-0.3%	(716)	-0.9%	432	-60.3%	
EBIT	(741)	-0.7%	(6,632)	-7.9%	5,891	88.8%	
Share of associates' profit at equity	(1,630)	-1.6%	(405)	-0.5%	(1,225)	302.5%	
Finance expense	(4,822)	-4.9%	(4,517)	-5.4%	(305)	6.8%	
Finance income	3,380	3.4%	2,563	3.1%	817	31.9%	
Profit before tax	(3,813)	-3.8%	(8,991)	-10.8%	5,178	57.6%	
Income tax	(2,200)	-2.2%	(481)	-0.6%	(1,719)	357.4%	
Net profit before minority interest	(6,013)	-6.1%	(9,472)	-11.3%	3,459	36.5%	
Minority interest	66	0.1%	129	0.2%	(63)	-48.8%	
Group net profit (loss)	(6,079)	-6.1%	(9,601)	-11.5%	3,522	36.7%	
Base earnings per share	(0.173)		(0.274)				
Diluted earnings per share	(0.173)		(0.274)				

CONSOLIDATED BALANCE SHEET AND STATEMENT OF FINANCIAL POSITION

	(€'000)	at December 31, 2010	at December 31, 2009
ASSETS			
Intangible assets		120,328	106,170
Property, Plant and equipment		6,582	6,858
Investments in affiliate companies		308	1,381
Investments in other companies		230	243
Deferred tax assets		1,658	1,172
Other non current financial assets		236	236
Medium/long term borrowing allow ed to affiliates compani		636	511
Other non-current assets		1,018	791
Total non-current assets		130,996	117,362
Inventories		21,587	17,060
Contracts in progress		257	819
Trade receivables		28,971	23,035
Income tax receivables		1,879	5,627
Other current assets		3,305	1,882
Cash & cash equivalents		23,751	27,924
Total current assets		79,750	76,347
Total assets		210,746	193,709
LIABILITIES AND EQUITY			
Share capital		8,879	8,879
Share premium reserve		136,400	136,400
Other reserves		(13,761)	(28,383)
Group shareholders' equity		131,518	116,896
Equity attributable to minority interest		3,966	3,178
Total shareholders' equity		135,484	120,074
Medium-/long-term borrow ing		22,873	2,417
Employee benefit obligations		1,681	1,609
Deferred tax liabilities		12,307	10,854
Other non-current liabilities		2,225	1,600
Business combination liabilities		0	989
Total non-current liabilities		39,086	17,469
Trade payables		18,824	14,171
Short-term borrow ing		8,985	24,488
Derivative instruments		339	458
Income tax liabilities		1,214	1,766
Other current liabilities		5,748	4,855
Business combination liabilities		1,066	10,428
Total current liabilities		36,176	56,166
Total liabilities		75,262	73,635
Total liabilities and equity		210,746	193,709

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, 2009	8,879	39	136,400	8,213	(23,010)	(458)	(2,226)	(1,340)	(9,601)	116,896	3,049	129	3,178	120,074
2009 Result allocation	-	-	-	-	(9,601)	-	-	-	9,601	-	129	(129)	-	-
2010	-	-	-	-	-	-	-	-	(6,079)	(6,079)	-	66	66	(6,013)
<i>Comprehensive other profit (loss)</i>														
- Hedge transactions	-	-	-	-	-	119	-	-	-	119	-	-	-	119
- Foreign balance sheets conversion difference	-	-	-	17,725	-	-	-	-	-	17,725	722	-	722	18,447
- Exchange differences on equity method	-	-	-	-	(36)	-	-	-	-	(36)	-	-	-	(36)
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	1,449	-	-	1,449	-	-	-	1,449
Comprehensive result	-	-	-	17,725	(36)	119	1,449	-	(6,079)	13,178	722	66	788	13,966
Minority purchase	-	-	-	-	1,444	-	-	-	-	1,444	-	-	-	1,444
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

NET FINANCIAL POSITION

		at December 31, at December 31,	
		2010	2009
(€'000)			
Cash & cash equivalents	A	(23,751)	(27,924)
Cash equivalent	B=A	(23,751)	(27,924)
Other current financial assets	C	0	0
Derivative instruments	D	339	458
Short-term borrow ing	E	8,985	24,488
Business aggregation liabilities	F	1,066	10,428
Short-term financial position	G=C+D+E+F	10,390	35,374
Short-term net financial position	H=B+G	(13,361)	7,450
Medium/long term borrow ing allow ed to affiliates companies	I	(636)	(511)
Business aggregation liabilities	J	0	989
Other non current financial assets	K	(236)	(236)
Medium/long term borrow ing	L	22,873	2,417
Medium-/long-term net financial position	M=I+J+K+L	22,001	2,659
(NET FINANCIAL POSITION) NET DEBT	N=H+M	8,640	10,109

NET WORKING CAPITAL

	at December		Changes
	31, 2010	31, 2009	
(€'000)	(b)	(a)	(b-a)
Inventories	21,587	17,060	4,527
Contracts in progress	257	819	(562)
Trade receivables	28,971	23,035	5,936
Income tax receivables	1,879	5,627	(3,748)
Other current assets	3,305	1,882	1,423
Current assets	55,999	48,423	7,576
Trade payables	(18,824)	(14,171)	(4,653)
Income tax liabilities	(1,214)	(1,766)	552
Other current liabilities	(5,748)	(4,855)	(893)
Current liabilities	(25,786)	(20,792)	(4,994)
Net working capital	30,213	27,631	2,582