

EUROTECH: BOARD APPROVES CONSOLIDATED HALF-YEAR RESULTS AS OF 30 JUNE 2010

Revenues up 7.5%, with an EBITDA figure in positive territory showing a clear improvement.

Amaro (Italy), August 27th, 2010

- Consolidated revenues: from €38.91 million to €41.82 million, +7.5%
- Consolidated gross profit: from €20.98 million to €21.49 million
- Consolidated EBITDA: from €-1.08 million to €+0.5 million
- Consolidated EBIT: from €-5.09 million to €-3.39 million
- Consolidated pre-tax profit (loss): from €-5.46 million to €-4.76 million
- Net financial debt: €5.26 million

Today, the Board of Directors of Eurotech S.p.A. reviewed and approved the results relating to the first half of 2010.

In the first six month of 2010, Group revenues advanced by 7.5%, from €38.91 million in 1H 2009 to €41.82 million, while debt fell by €4.8 million, from €10.11 million at 31 December 2009 to €5.26 million at 30 June 2010.

This increase in revenues was largely attributable to an upturn in orders, the effects of which will be more clearly seen in the second half of the year, given that the Group's order backlog at the end of July 2010 registered growth of more than 50% on the same period of 2009. The Group benefited from a recovery which touched, to a different extent, several market segments: all areas have shown the beginning of a growth trend, and given the course of order intake, the second half can be expected to be positive and with a clear improvement on 2009.

Gross profit remains at the same level as at 31 December 2009, with a margin of 51.4%. The slight contraction from the 53.9% registered in 1H 2009 reflects Group business performance in terms of the mix of products sold. However, the gross profit margin remained above 50%, the target set by management. This again confirms the validity of the business model applied by the Group, which is based on the sale of high-value products combined with a constant focus on containing COGS, particularly in light of the current general scarcity of components in the integrated circuits (chips) supply chain.

During the first half of 2010, the Group paid particular attention to implementing synergies between its Japanese affiliate and its other operating units, while fully ensuring that it maintained an overall structure capable of sustaining higher levels of sales.

EBITDA rose from a negative figure of €1.08 million in 2009 to a positive €0.5 million in 1H 2010. This reflects the actions taken by management to contain costs and resulted in an improved EBITDA margin, which rose from -2.8% in 1H 2009 to 1.2% in 1H 2010.

EBIT improved to €-3.39 million, compared with Euro -5.09 million in the same period of 2009. The EBIT margin was affected by the level of revenues, which remained lower than the real potential of the organisation, and came out at -8.1%, compared with -13.1% in 1H 2009.

The effect on EBIT of the higher values attributed as a result of PPA was €1.63 million in 1H 2010, compared with €1.57 million in 1H 2009.

The Group registered a pre-tax loss in 1H 2010 of €4.76 million, versus a loss of €5.46 million in 1H 2009. This performance was influenced by the factors set out above, as well as by a negative foreign exchange difference of €1.38 million on the financial liability relating to the Advanet option due to the effect of appreciation of the Japanese yen versus the Euro, which occurred at the time of the payment in mid-June. The effects of price allocation on the pre-tax result amounted to €2.95 million in 1H 2010, versus €1.25 million in 1H 2009.

The Group net loss decreased from €6.18 million in 1H 2009 to €4.76 million in 1H 2010. The total effects stemming from price allocation had a €2.21 million impact on the net figure in 1H 2010, compared with €0.54 million in 1H 2009.

The Group had net financial debt of €5.26 million at 30 June 2010, against net financial debt of €10.11 million at 31 December 2009. Cash and cash equivalents totalled €22.68 million at the end of 1H 2010.

Working capital fell from €27.63 million at 31 December 2009 to €25.94 million at 30 June 2010, a figure which is fully in line with that registered on 30 June 2009 (€25.32 million) and which registered an improvement as a percentage of revenues on the comparative half-year. This improvement is chiefly due to careful control of the duration of receivables and payables, which produced the effects desired by the management in terms of reducing working capital.

We advise the public that, as required by the CONSOB (Italian securities & exchange commission), the Consolidated Half-Yearly Financial Report at 30 June 2010 is available to anyone who asks for it at the company's registered headquarters as well as at the headquarters of Borsa Italiana SpA. The report is also available on the Eurotech 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 based in Italy and with offices and subsidiaries in Europe, North America and Asia. The Eurotech group develops and markets miniaturised computers for special uses (NanoPCs) and computers featuring elevated computing capacity (HPCs – High-Performance Computers). With these two product categories, Eurotech aims to become a leader in the implementation of the pervasive computing infrastructure commonly known as Cloud or GRID, capable of enabling 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 2010	%	1H 2009	%	change (b-a)	
	(b)		(a)		amount	%
Sales revenue	41,823	100.0%	38,914	100.0%	2,909	7.5%
Cost of material	(20,337)	-48.6%	(17,929)	-46.1%	2,408	13.4%
Gross profit	21,486	51.4%	20,985	53.9%	501	2.4%
Services costs	(8,606)	-20.6%	(8,251)	-21.2%	355	4.3%
Lease & hire costs	(1,174)	-2.8%	(1,063)	-2.7%	111	10.4%
Payroll costs	(13,292)	-31.8%	(13,513)	-34.7%	(221)	-1.6%
Other provisions and costs	(590)	-1.4%	(1,037)	-2.7%	(447)	-43.1%
Other revenues	2,679	6.4%	1,800	4.6%	879	48.8%
EBITDA	503	1.2%	(1,079)	-2.8%	1,582	146.6%
Depreciation & Amortization	(3,877)	-9.3%	(3,652)	-9.4%	225	6.2%
Asset impairment	(12)	0.0%	(357)	-0.9%	(345)	-96.6%
EBIT	(3,386)	-8.1%	(5,088)	-13.1%	1,702	33.5%
Share of associates' profit at equity	(898)	-2.1%	(23)	-0.1%	875	n.s.
Finance expense	(2,759)	-6.6%	(1,957)	-5.0%	802	41.0%
Finance income	2,279	5.4%	1,612	4.1%	667	41.4%
Profit before tax	(4,764)	-11.4%	(5,456)	-14.0%	692	12.7%
Income tax	(263)	-0.6%	(692)	-1.8%	(429)	-62.0%
Net profit before minority interest	(5,027)	-12.0%	(6,148)	-15.8%	1,121	18.2%
Minority interest	(64)	-0.2%	30	0.1%	(94)	-313.3%
Group net profit (loss)	(4,963)	-11.9%	(6,178)	-15.9%	1,215	19.7%
Base earnings per share	(0.141)		(0.176)			
Diluted earnings per share	(0.141)		(0.176)			

CONSOLIDATED BALANCE SHEET & STATEMENT OF FINANCIAL POSITION

(€'000)	at June 30, 2010	at December 31, 2009
ASSETS		
Intangible assets	125,329	106,170
Property, Plant and equipment	7,006	6,858
Investments in affiliates companies	413	1,381
Investments in other companies	274	243
Deferred tax assets	1,823	1,172
Other non current financial assets	236	236
Medium/long term borrowing allowed to affiliates companies	1,014	511
Other non-current assets	949	791
Total non-current assets	137,044	117,362
Inventories	22,629	17,060
Contracts in progress	346	819
Trade receivables	21,188	23,035
Income tax receivables	2,872	5,627
Other current assets	3,388	1,882
Cash & cash equivalents	22,679	27,924
Total current assets	73,102	76,347
Total assets	210,146	193,709
LIABILITIES AND EQUITY		
Share capital	8,879	8,879
Share premium reserve	136,400	136,400
Other reserves	(9,017)	(28,383)
Group shareholders' equity	136,262	116,896
Equity attributable to minority interest	3,819	3,178
Total shareholders' equity	140,081	120,074
Medium-/long-term borrowing	18,135	2,417
Employee benefit obligations	1,820	1,609
Deferred tax liabilities	12,704	10,854
Other non-current liabilities	1,867	1,600
Business combination liabilities	0	989
Total non-current liabilities	34,526	17,469
Trade payables	16,372	14,171
Short-term borrowing	8,581	24,488
Derivative instruments	502	458
Income tax liabilities	1,607	1,766
Other current liabilities	6,504	4,855
Business combination liabilities	1,973	10,428
Total current liabilities	35,539	56,166
Total liabilities	70,065	73,635
Total liabilities and equity	210,146	193,709

STATEMENT OF CHANGES IN EQUITY

	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
(€'000)														
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)	-	-
Profit (loss) as at June 30, 2010	-	-	-	-	-	-	-	-	(4,963)	(4,963)	-	(64)	(64)	(5,027)
<i>Comprehensive other profit (loss)</i>														
- Hedge transactions	-	-	-	-	-	(44)	-	-	-	(44)	-	-	-	(44)
- Foreign balance sheets conversion difference	-	-	-	19,908	-	-	-	-	-	19,908	705	-	705	20,613
- Exchange differences on equity method	-	-	-	-	(53)	-	-	-	-	(53)	-	-	-	(53)
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	3,226	-	-	3,226	-	-	-	3,226
Comprehensive result	-	-	-	19,908	(53)	(44)	3,226	-	(4,963)	18,074	705	(64)	641	18,715
Minority purchase	-	-	-	-	1,292	-	-	-	-	1,292	-	-	-	1,292
Balance as at June 30, 2010	8,879	39	136,400	28,121	(31,372)	(502)	1,000	(1,340)	(4,963)	136,262	3,883	(64)	3,819	140,081

NET FINANCIAL POSITION

(€'000)		at June 30, 2010	at December 31, 2009	at June 30, 2009
Cash & cash equivalents	A	(22,679)	(27,924)	(31,808)
Cash equivalent	B=A	(22,679)	(27,924)	(31,808)
Other current financial assets	C	0	0	0
Derivative instruments	D	502	458	511
Short-term borrowing	E	8,581	24,488	5,271
Business aggregation liabilities	F	1,973	10,428	7,711
Short-term financial position	G=C+D+E+F	11,056	35,374	13,493
Short-term net financial position	H=B+G	(11,623)	7,450	(18,315)
Medium/long term borrowing allowed to affiliates companies	I	(1,014)	(511)	(300)
Business aggregation liabilities	J	0	989	0
Other non current financial assets	K	(236)	(236)	0
Medium/long term borrowing	L	18,135	2,417	22,460
Medium-/long-term net financial position	M=I+J+K+L	16,885	2,659	22,160
(NET FINANCIAL POSITION) NET DEBT	N=H+M	5,262	10,109	3,845

WORKING CAPITAL

(€'000)	at June 30, 2010 (b)	at December 31, 2009 (a)	at June 30, 2009	Changes (b-a)
Inventories	22,629	17,060	19,307	5,569
Contracts in progress	346	819	533	(473)
Trade receivables	21,188	23,035	16,380	(1,847)
Income tax receivables	2,872	5,627	2,561	(2,755)
Other current assets	3,388	1,882	2,323	1,506
Current assets	50,423	48,423	41,104	2,000
Trade payables	(16,372)	(14,171)	(9,507)	(2,201)
Income tax liabilities	(1,607)	(1,766)	(1,007)	159
Other current liabilities	(6,504)	(4,855)	(5,267)	(1,649)
Current liabilities	(24,483)	(20,792)	(15,781)	(3,691)
Net working capital	25,940	27,631	25,323	(1,691)