

EUROTECH: APPROVAL OF QUARTERLY CONSOLIDATED RESULTS AS AT 30 SEPTEMBER 2010

Revenues up 14.3%, with EBITDA once again in positive territory and clearly improving also in the third quarter.

Amaro (ITALY), 12 November 2010

- Consolidated revenues: from €57.53 million to €65.76 million, +14.3%
- Consolidated gross profit: from €30.44 million to €33.75 million
- Consolidated EBITDA: from €-1.06 million to €1.71 million
- Consolidated EBIT: from €-6.91 million to €-4.25 million
- Consolidated pre-tax profit (loss): from €-7.82 million to €-6.30 million
- Net financial debt: €10.9 million

Today the Board of Directors of Eurotech S.p.A. reviewed and approved the results relating to the first nine months and to the third quarter of 2010.

FIRST NINE MONTHS OF 2010

In the first nine months of the year, Group revenues continued to register growth and came in at €65.76 million, advancing by 14.3% compared with €57.53 million in the same period of 2009.

The rise of €8.22 million in sales is a direct consequence of the upturn in orders, which, as highlighted in August, were well above those registered for the same period of the previous year. Also at the end of October 2010, the Group's order backlog maintained growth of more than 50% compared with the same period of 2009. The Group continues to benefit from a general recovery, which, although varying in intensity, has affected different market segments: all areas have shown the beginning of an upturn, with growth therefore also expected at the end of the year compared with 2009.

The gross profit margin in the first nine months of 2010 remained in line with that of previous quarters and that registered at the end of 2009, at 51.3%, down slightly on the 52.9% registered in the first nine months of 2009. This trend reflects the Group's business performance in terms of the mix of products sold. Gross profit as a percentage of revenues remained above 50% in the first nine months of 2010, which is the target set by management. Once again, it confirms the validity of the business model applied by the Group, based on the sale of high value products, and

constant attention to COGS, particularly given the current general scarcity of components in the supply chain of integrated circuits (chips).

During the first nine months of 2010, the Group paid particular attention to implementing synergies between the Japanese affiliate and its other operating units, with a special focus on maintaining an overall structure able to sustain higher revenue levels.

In 9M10, EBITDA rose to €1.71 million, from a negative €1.06 million in 2009. This improvement reflects the actions taken by management to contain costs and resulted in a different ratio of EBITDA to revenues, which rose from -1.8% in 9M09 to 2.6% in 9M10, with an improving trend in the third quarter.

EBIT came in at a negative €4.25 million, and was -6.5% as a percentage of revenues. This was an improvement versus the first nine months of 2009, when the figure was €-6.91 million and -12.0% as a percentage of revenues. The ratio of EBIT to revenues continues to be affected by the level of 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 2010, which arose both from operating assets that became subject to amortization during this period and from the non-monetary effects of PPA (purchase price allocation), which in 9M10 amounted to €2.51 million (versus €2.31 million in 9M09).

In 9M10, Eurotech booked a pre-tax loss of €6.30 million, versus a loss of €7.82 million in 9M09. This performance was affected by the factors described above and by the results of financial operations, that registered negative foreign exchange differences of €1.30 million on the financial liability relating to the Advanet option due to the appreciation of the Japanese Yen versus the Euro, which occurred at the same time as the mid-June payment. PPA effects on the pre-tax result amounted to €3.75 million in 9M10, compared with €2.03 million in 9M09.

The Group net loss decreased from €8.73 million in 9M09 to €7.23 million in 9M10. The total effects stemming from price allocation had a €2.65 million impact on the Group net loss in 9M10 (vs. €1.26 million in 9M09).

As at 30 September 2010, the Group had net financial debt of €10.90 million, compared with €10.11 million at 31 December 2009. Cash and cash equivalents totalled €17.19 million at the end of September 2010.

Working capital totalled €28.03 million at 30 September 2010, in line with the figure of €27.63 million registered as at 31 December 2009, and up in absolute terms compared with the figure at 30 September 2009 (€22.74 million), mainly owing to growth in inventory to meet delivery requests for the end of the year.

THIRD-QUARTER 2010

In the third quarter of 2010, Group revenues grew by approximately 28.5% over the same period in 2009, rising from €18.62 million to €23.93 million. This performance reflects the increase in orders acquired over the year and the upturn on some markets.

Again in 3Q10, the different sales mix led to a different gross profit margin: this was 51.2% of revenues in 3Q10, compared with 50.8% in 3Q09.

3Q10 EBITDA was positive at €1,206 thousand (with a 5.0% ratio to revenues), versus €20 thousand in 3Q09. The EBITDA performance was positively affected by the trend in revenues and the different gross profit margin, while operating costs rose compared with 3Q09.

EBIT in the third quarter of 2010 was €-860 thousand, with a resulting -3.6% margin on revenues, compared with €-1.82 million, with a margin of -9.8%, in 3Q09. The adverse effects on EBIT of PPA amounted to €877 thousand in 3Q10 and €741 thousand in 3Q09.

The pre-tax loss was €1.54 million, compared with a loss of €2.36 million in 3Q09, owing to the foreign exchange trend and the consequent exchange rate differences booked.

In 3Q10 the Group net loss amounted to €2.26 million versus €2.59 million in 3Q09.

The company informs the public that, in compliance with the requirements of the CONSOB (Italian securities & exchange commission), the Consolidated Interim Management Statement as at 30.09.10 is at the disposal of anyone who asks for it at the company's registered offices as well as at the offices of Borsa Italiana S.p.A.. The report is also available on Eurotech's website at the address 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 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 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 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)	3rd Qtr 2010		3rd Qtr 2009		9 months 2010 (a)		9 months 2009 (b)		change (b-a)	
		%		%		%		%	amount	%
Sales revenue	23,932	100.0%	18,617	100.0%	65,755	100.0%	57,531	100.0%	8,224	14.3%
Cost of material	(11,672)	-48.8%	(9,164)	-49.2%	(32,009)	-48.7%	(27,093)	-47.1%	(4,916)	18.1%
Gross profit	12,260	51.2%	9,453	50.8%	33,746	51.3%	30,438	52.9%	3,308	10.9%
Services costs	(4,374)	-18.3%	(3,372)	-18.1%	(12,980)	-19.7%	(11,623)	-20.2%	(1,357)	11.7%
Lease & hire costs	(605)	-2.5%	(516)	-2.8%	(1,779)	-2.7%	(1,579)	-2.7%	(200)	12.7%
Payroll costs	(6,618)	-27.7%	(6,046)	-32.5%	(19,910)	-30.3%	(19,559)	-34.0%	(351)	1.8%
Other provisions and costs	(407)	-1.7%	(85)	-0.5%	(997)	-1.5%	(1,122)	-2.0%	125	-11.1%
Other revenues	950	4.0%	586	3.1%	3,629	5.5%	2,386	4.1%	1,243	52.1%
EBITDA	1,206	5.0%	20	0.1%	1,709	2.6%	(1,059)	-1.8%	2,768	261.4%
Depreciation & Amortization	(2,066)	-8.6%	(1,788)	-9.6%	(5,943)	-9.0%	(5,440)	-9.5%	(503)	9.2%
Asset impairment	0	0.0%	(54)	-0.3%	(12)	0.0%	(411)	-0.7%	399	-97.1%
EBIT	(860)	-3.6%	(1,822)	-9.8%	(4,246)	-6.5%	(6,910)	-12.0%	2,664	38.6%
Share of associates' profit at equity	0	0.0%	0	0.0%	(898)	-1.4%	(23)	0.0%	(875)	n.s.
Finance expense	(1,516)	-6.3%	(634)	-3.4%	(4,275)	-6.5%	(2,591)	-4.5%	(1,684)	65.0%
Finance income	841	3.5%	93	0.5%	3,120	4.7%	1,705	3.0%	1,415	83.0%
Profit before tax	(1,535)	-6.4%	(2,363)	-12.7%	(6,299)	-9.6%	(7,819)	-13.6%	1,520	-19.4%
Income tax	(681)	-2.8%	(228)	-1.2%	(944)	-1.4%	(920)	-1.6%	(24)	2.6%
Net profit before minority interest	(2,216)	-9.3%	(2,591)	-13.9%	(7,243)	-11.0%	(8,739)	-15.2%	1,496	17.1%
Minority interest	47	0.2%	(43)	-0.2%	(17)	0.0%	(13)	0.0%	(4)	30.8%
Group net profit (loss)	(2,263)	-9.5%	(2,548)	-13.7%	(7,226)	-11.0%	(8,726)	-15.2%	1,500	17.2%
Base earnings per share					(0.206)		(0.249)			
Diluted earnings per share					(0.206)		(0.249)			

CONSOLIDATED BALANCE SHEET & STATEMENT OF FINANCIAL POSITION

(€'000)	at September 30, 2010	at December 31, 2009
ASSETS		
Intangible assets	117,320	106,170
Property, Plant and equipment	6,554	6,858
Investments in affiliate companies	380	1,381
Investments in other companies	253	243
Deferred tax assets	1,740	1,172
Other non current financial assets	236	236
Medium/long term borrow ing allow ed to affiliates compani	972	511
Other non-current assets	1,003	791
Total non-current assets	128,458	117,362
Inventories	22,933	17,060
Contracts in progress	319	819
Trade receivables	22,526	23,035
Income tax receivables	2,026	5,627
Other current assets	4,115	1,882
Cash & cash equivalents	17,189	27,924
Total current assets	69,108	76,347
Total assets	197,566	193,709
LIABILITIES AND EQUITY		
Share capital	8,879	8,879
Share premium reserve	136,400	136,400
Other reserves	(19,984)	(28,383)
Group shareholders' equity	125,295	116,896
Minority capital and reserves	3,723	3,049
Minority profit (loss) for period	(17)	129
Equity attributable to minority interest	3,706	3,178
Total shareholders' equity	129,001	120,074
Medium-/long-term borrow ing	18,022	2,417
Employee benefit obligations	1,628	1,609
Deferred tax liabilities	11,886	10,854
Other non-current liabilities	1,858	1,600
Business combination liabilities	0	989
Total non-current liabilities	33,394	17,469
Trade payables	16,866	14,171
Short-term borrow ing	8,976	24,488
Derivative instruments	523	458
Income tax liabilities	900	1,766
Other current liabilities	6,128	4,855
Business combination liabilities	1,778	10,428
Total current liabilities	35,171	56,166
Total liabilities	68,565	73,635
Total liabilities and equity	197,566	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)	-	-
Profit (loss) as at September 30, 2010	-	-	-	-	-	-	-	-	(7,226)	(7,226)	-	(17)	(17)	(7,243)
<i>Comprehensive other profit (loss)</i>														
- Hedge transactions	-	-	-	-	-	(65)	-	-	-	(65)	-	-	-	(65)
- Foreign balance sheets conversion difference	-	-	-	13,385	-	-	-	-	-	13,385	545	-	545	13,930
- Exchange differences on equity method	-	-	-	-	(17)	-	-	-	-	(17)	-	-	-	(17)
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	1,030	-	-	1,030	-	-	-	1,030
Comprehensive result	-	-	-	13,385	(17)	(65)	1,030	-	(7,226)	7,107	545	(17)	528	7,635
Minority purchase	-	-	-	-	1,292	-	-	-	-	1,292	-	-	-	1,292
Balance as at September 30, 2010	8,879	39	136,400	21,598	(31,336)	(523)	(1,196)	(1,340)	(7,226)	125,295	3,723	(17)	3,706	129,001

NET FINANCIAL POSITION

(€'000)		at September 30, 2010	at December 31, 2009	at September 30, 2009
Cash & cash equivalents	A	(17,189)	(27,924)	(32,285)
Cash equivalent	B=A	(17,189)	(27,924)	(32,285)
Other current financial assets	C	0	0	0
Derivative instruments	D	523	458	347
Short-term borrow ing	E	8,976	24,488	5,101
Business aggregation liabilities	F	1,778	10,428	7,998
Short-term financial position	G=C+D+E+F	11,277	35,374	13,446
Short-term net financial position	H=B+G	(5,912)	7,450	(18,839)
Medium/long term borrow ing allow ed to affiliates companies	I	(972)	(511)	(404)
Business aggregation liabilities	J	0	989	0
Other non current financial assets	K	(236)	(236)	0
Medium/long term borrow ing	L	18,022	2,417	22,797
Medium-/long-term net financial position	M=I+J+K+L	16,814	2,659	22,393
(NET FINANCIAL POSITION) NET DEBT	N=H+M	10,902	10,109	3,554

WORKING CAPITAL

(€'000)	at September 30, 2010 (b)	at December 31, 2009 (a)	at September 30, 2009	Changes (b-a)
Inventories	22,933	17,060	19,553	5,873
Contracts in progress	319	819	953	(500)
Trade receivables	22,526	23,035	14,734	(509)
Income tax receivables	2,026	5,627	2,721	(3,601)
Other current assets	4,115	1,882	2,423	2,233
Current assets	51,919	48,423	40,384	3,496
Trade payables	(16,866)	(14,171)	(12,113)	(2,695)
Income tax liabilities	(900)	(1,766)	(675)	866
Other current liabilities	(6,128)	(4,855)	(4,857)	(1,273)
Current liabilities	(23,894)	(20,792)	(17,645)	(3,102)
Net working capital	28,025	27,631	22,739	394