

SUMMARY INFORMATION OF THE PROSPECTUS RELATED TO THE ACQUISITION OF JAPANESE GROUP ADVANET

Amaro (UD), 15 November 2007.

The information document required by Consob (as per article 71 of Regulation approved by resolution no. 11971 of 14 May 1999 as amended and integrated) following the acquisition of 65% of Advanet Inc.'s share capital was filed with Consob today.

Since drafting of such prospectus in the English language was not required, the Board resolved only to provide the main information reported in said document.

ASSETS OF GROUP ACQUIRED

Advanet is a leading firm in Japan in the design, development and production of embedded systems (miniaturized computers) and also operates in the semiconductors industry and in other industries including transportation and medical.

FINANCIAL AND ECONOMIC DATA ON THE EQUITY INTEREST ACQUIRED

Advanet Group's aggregated financial statements¹ (which include the individual financial statements of Advanet Inc. and of its subsidiaries Vantec Inc., Advanet R&D and the firms Spirit 21 and Moving Eye Inc, acquired by Advanet Group from related parties after 30 April 2007) as at Advanet's balance sheet date (30 April 2007), presented in Japanese yen and prepared in accordance with local accounting standards, are as follows:

¹ The aggregated financial statements report the financial position of a group of companies which are not bound by any legal equity interest relationship. The aggregated financial statements are prepared using the same techniques adopted for the consolidated financial statements and consequently involve the cancellation of all transactions effected between aggregated companies, including internal profits and particularly those concerning inventories and fixed assets.

	Japanese GAAPs				
			¥ ('000)		€ ('000)
		Total	Non core items		Net
	Notes			4/30/2007	Net
ASSETS					
Intangible assets		27,679	212,624		27,679 166
Tangible assets	A	423,846			211,222 1,269
Investments in associate and other companies		1,750			1,750 11
Other non current assets	B	160,586	160,586		
Non-current assets		613,861	373,210		240,651 1,445
Inventories		1,198,420			1,198,420 7,198
Trade receivables		1,018,592			1,018,592 6,118
Other current assets	C	2,679,528	2,434,016		245,512 1,475
Cash and cash equivalents	E	3,392,323	3,106,685		6,499,008 39,035
Current assets		8,288,863	672,669		8,961,532 53,826
Total Assets		8,902,724	299,459		9,202,183 55,272

	Japanese GAAPs				
			¥ ('000)		€ ('000)
		Total	Non core items		Net
	Notes			4/30/2007	Net
EQUITY AND LIABILITIES					
Share capital		92,440			92,440 555,000
Reserves		886,402			886,402 5,324
Net profit for period	D	579,454	(299,459)		878,913 5,279
Equity		1,558,296	(299,459)		1,857,755 11,158
Minority interest and reserves		349,264			349,264 2,098
Minority net profit		172,135			172,135 1,034
Minority interest in equity		521,399	0		521,399 3,132
Equity		2,079,695	(299,459)		2,379,154 14,290
Medium/long term borrowings		3,382,222			3,382,222 20,315
Notes issued		2,122,500			2,122,500 12,749
Employee benefits		104,661			104,661 629,000
Non-current liabilities		5,609,383	0		5,609,383 33,692
Trade payables		923,351			923,351 5,546
Short-term borrowing		80,000			80,000 481,000
Taxes payable		38,211			38,211 230,000
Other current liabilities		172,084			172,084 1,034
Current liabilities		1,213,646	0		1,213,646 7,290
Total liabilities		6,823,029	0		6,823,029 40,982
Total liabilities and equity		8,902,724	(299,459)		9,202,183 55,272

		Japanese GAAPs			
			¥ ('000)		€ ('000)
		Total	Non core items results	Net	Net
	Notes	Financial year as at 04/30/2007			
Revenues from sales and services		5,486,356		5,486,356	32,953
Other income	F	295,280	89,929	205,351	1,233
Cost of raw, ancillary, and consumable materials		(2,222,171)		(2,222,171)	(13,347)
Costs for services		(139,208)		(139,208)	(836)
Costs from use of third party assets		(433,929)		(433,929)	(2,606)
Payroll & employee benefits		(832,209)		(832,209)	(4,999)
Other accruals and expenses	G	(895,718)	(463,703)	(432,015)	(2,595)
Depreciation & amortization	H	(248,493)	(117,143)	(131,35)	(789)
Operating profit		1,009,908	(490,917)	1,500,825	9,015
Finance expenses		(90,393)		(90,393)	(543)
Finance income		81,815		81,815	491
Profit before income taxes		1,001,330	(490,917)	1,492,247	8,963
Income tax for year	I	(249,742)	191,458	(441,200)	(2,650)
Net profit (loss) before minority interest		751,588	(299,459)	1,051,047	6,313
Minority interest		172,135		172,135	1,034
Group net profit (loss) for the period		579,454	(299,459)	878,913	5,279

The yen/euro exchange rate applied to convert financial statements is the one at the closing of 31 October 2007, the transaction date, and equals 166.49 yen to the euro.

Non-core items were excluded from the aggregated financial statements as at 30 April 2007 as Eurotech did not consider them strategic for the Advanet Group and were disposed of before the closing date (31 October 2007) at their respective market value. The non-core items excluded were in the total amount of 2,807,226 Japanese yen and are primarily related to fixed assets and securities, gold, mutual funds and insurance policy investments.

Revenues from sales and services as at 30 April 2007 totalled € 32,953 thousand. 65% of revenues related to sales of finished products to Original Equipment Manufacturing customers, while the remaining 35% came from sales of standard products. The three most important customers of the Advanet Group as at 30 April 2007 accounted for 38% of total sales.

Total headcount for the consolidated companies as at 30 April 2007 was 140 units.

After the balance sheet date of 30 April 2007, the Advanet Group purchased 100% of the share capital of Spirit 21 and MovingEye Inc from related parties on 25 June and 23 August 2007 respectively. The price agreed upon was in the total amount of €4,434 thousand, against an accounting net capital of €3,132 thousand.

According to the agreements with potential acquirer Eurotech and before completion of the acquisition process by the latter of 65% of the company's share capital, the Advanet Group's companies sold what they



considered to be non-core items within the Eurotech Group's development strategies. Sales were effected at fair value and they brought about capital gains as compared to the assets' book value. Gross of tax impact, the realized gain will be paid to the selling party as part of the sale price, given the price determination mechanism agreed upon by both parties.

PRO FORMA FINANCIAL AND ECONOMIC DATA OF ISSUER

The tables that follow illustrate the pro forma consolidated balance sheet and income statement of the Eurotech Group for the first half of 2007, which include the backdated impact of the Advanet Group acquisition transaction which occurred on 31 October 2007 and its financial effects.

The pro forma consolidated data were prepared in compliance with IFRSs; specifically, those of the Advanet Group are only related to "core" items which were part of the sale and could be subject to changes at the time of the effective posting of the acquisition of the Advanet Group in Eurotech's consolidated balance sheet as at 31 December 2007.

It should be noted that the accounting procedure for allocation of the price paid for the acquisition, as required by IFRS 3, has not been prepared as yet. Consequently, all allocations recognized for the purpose of preparing pro forma consolidated financial statements are to be considered as preliminary and may be subject to changes. Furthermore, should tangible and intangible assets with definite life and inventories determined at fair value be identified upon completion of the allocation process, the income statements shall also reflect amortization pertaining to such allocations and the margins posted to such inventories, not included in the expenses reported in the pro forma consolidated income statement.

Consolidated balance sheet as at 30 June 2007

	6/30/2007				
(€'000)	UNAUDITED EUROTECH CONSOLIDATED IFRS	UNAUDITED ADVANET CORE AGGREGATED IFRS	PROFORMA ADJ.'S	Notes	PROFORMA CONSOLIDATED
ASSETS					
Intangible assets	57,541	170	40,281	A	97,992
Property, plant and equipment	5,090	1,262			6,352
Investments in associate and other companies	717	11			728
Deferred tax assets	3,743				3,743
Other non current assets	149				149
Non-current assets	67,240	1,443	40,281		108,964
Inventories	17,512	7,360			24,872
Contracts in progress	4,488				4,488
Trade receivables	13,121	6,242			19,363
Other current assets	7,432	2,361			9,793
Positive fair value of derivative instruments	132				132
Cash and cash equivalents	79,164	38,825	(48,277)	B	69,712
Current assets	121,849	54,788	(48,277)		128,360
Total Assets	189,089	56,231	(7,997)		237,324
Share capital	8,751	555	(555)		8,751
Reserves	130,289	9,750	(9,453)		130,586
Group portion of equity	139,040	10,306	(10,009)		139,337
Minority interests	76	3,132	1,174		4,382
Consolidated equity	139,116	13,437	(8,834)	C	143,719
Medium/long term borrowings	14,454	20,773			35,227
Notes issued	-	13,036			13,036
Employee benefits	624	1,330			1,954
Deferred tax liabilities	7,850	-			7,850
Other medium-/long-term liabilities	500	-			500
Other medium-/long-term liabilities	23,428	35,139	0		58,567
Trade payables	13,384	5,671			19,055
Short-term borrowing	5,014	491			5,505
Taxes payable	764	-	(599)	D	165
Other current liabilities	7,383	1,493	1,437	E	10,313
Current liabilities	26,545	7,655	838		35,038
Total liabilities	49,973	42,794	838		93,605
Total liabilities and equity	189,089	56,232	(7,997)		237,324

Pro forma consolidated income statement as at 30 June 2007

	Year-to-date results as at 30 June 30 2007				
(€'000)	UNAUDITED EUROTECH CONSOLIDATED IFRS	UNAUDITED ADVANET CORE AGGREGATED IFRS	PROFORMA ADJ.'S	Notes	PROFORMA CONSOLIDATED
Revenues from sales and services	35	18			53
Other income	146	107			253
Cost of raw, ancillary, and consumable materials	(17,683)	(7,024)			(24,707)
Costs for services	(6,737)	-365			(7,102)
Costs from use of third party assets	(732)	(1,689)			(2,421)
Payroll & employee benefits	596	(2,931)			(13,527)
Other accruals and expenses	(552)	(1,244)			(1,796)
Cost adjustments due to internal increases	1	0			1
Depreciation & amortization	(2,075)	(420)			(2,495)
Fixed assets write-downs	(63)	0			(63)
Operating profit	(1,456)	4,246			2,790

Associates accounted for using the equity method	(39)	0			(39)
Finance expenses	(748)	(317)	(98)		(1,163)
Finance income	1,546	370	(1027)		888
Profit before income taxes	(697)	4,299	(1125)	F	2,477
Income tax for year	(203)	(1,676)	371	G	(1,508)
Net profit (loss) before minority interest	(900)	2,622	(754)		968
Minority interest	(4)	1,147	(229)	H	914
Group net profit (loss) for the period	(896)	1,476	(525)		55

SUMMARY DESCRIPTION OF TERMS AND CONDITIONS OF THE TRANSACTION

On 31 October 2007 Eurotech acquired 65% of Advanet's share capital. The purchase price was initially set at a value of 7,695,843 thousand Japanese yen (hereinafter also JPY), consisting of 65% of a total amount of JPY 11,740,000 thousand (base consideration) and of 65% of 41.7% of a bonus paid by the Advanet Group companies to their own employees before completion of the transaction, equalling JPY 239,230 thousand. Based on results as at the acquisition date, such value will eventually be:

- increased to account for any net positive financial position;
- decreased to account for any net negative financial position;
- increased to account for net working capital in excess of the amount agreed upon by both parties of JPY 1,350,000 thousand;
- decreased to account for net working capital below the amount agreed upon by both parties of JPY 1,350,000 thousand.

Any adjustment to the base consideration subsequent to the determination of the net financial position and of net working capital shall be added algebraically to the same consideration within the limit of 65% of the shareholding acquired.

The initial value thus determined shall be augmented to include all ancillary expenses stemming from consideration paid to professionals who supported the company in completing the transaction, for an estimated amount of € 1,510 thousand.

The financial outflow related to the temporary cost of the aggregation, increased to account for the aforementioned ancillary expenses, and taking into account the foreign exchange procurement procedures, stands at € 48,277 thousand.

The acquisition was entirely funded by the cash available with Eurotech parent company. Specifically, in order to hedge the foreign exchange risk on the base consideration of JPY 7,631,000 thousand (65% of 11,740,000), the Company entered into an exchange rate forward agreement in the very first days of the month of October buying a spot rate of JPY 164.54 to the euro. At the closing date Eurotech paid the Seller 90% of the base consideration, and made a deposit of the remaining 10% on an *ad hoc* account to guarantee Eurotech against any indemnities required by the Seller for not abiding by any of the covenants and guarantees included in the acquisition agreement.

Furthermore, the shareholders' agreement with the seller and other Advanet shareholders provides for put and call option mechanisms on 25% of Advanet's share capital. Specifically, the agreement states that in the two months following approval of Advanet Group financial statements as at 31 December 2009, prepared in accordance with the Japanese accounting standards:

- Eurotech shall have a right to purchase ("call option") 25% of Advanet's share capital from Advanet's Other Shareholders, who shall have an obligation to sell, for a total consideration that will be computed by applying a multiple of 8 times Advanet Group's EBITDA as at 31 December 2009 after deducting the net financial position;
- Eurotech shall have a right to sell ("put option") to Eurotech, who shall have an obligation to purchase, 25% of Advanet's share capital, for a total consideration that will be computed by applying a multiple of 8 times the Group's EBITDA as at 31 December 2009 after deducting the net financial position;

It is finally provided that Mr Takeshi Komatsu (who will keep the remaining 10% of Advanet shares) shall have the right to sell to Eurotech the remaining 10% of Advanet shares, at the earlier of 5 years from the Closing Date or the date of termination of the employment relationship with Advanet Group, for whatever reason that may occur, at the market price of the shareholding to be determined based on an assessment made by both parties or by an independent expert.

The total estimated provisional cost of the 65% acquisition of Advanet Group as at 31 October 2007 may be summarised as follows:

		¥ ('000)	(€'000)
Base consideration		7,631,000	46,378
Share of bonus paid to employees		64,843	389
Initial expense	i)	7,695,843	46,767
Adjustment of consideration based on the net financial position as at the Closing Date	ii)		
Consideration adjustment from net Working Capital as at the Closing Date	ii)		
Ancillary expenses	iii)		1,510
Put option on 25% of shares	iv)		
Provisional total acquisition cost			48,277

For the purpose of preparing pro forma consolidated data, the table below illustrates the book value of the net assets acquired (equity interest acquired in accordance with IFRSs) of the Advanet Group as at 30 April 2007,

and the excess price paid which has been entirely posted to goodwill in order to prepare the attached pro forma schedules. The Advanet Group's equity as at 30 April 2007 is the latest available data before the Closing Date and was adjusted to include the effects of the bonus paid by the Selling party to the employees before the Closing Date net of any pertaining tax impact. The euro/yen exchange rate applied to convert the acquired equity, adjusted as of 30 April 2007, is the rate at the Closing Date and equals JPY 166.49 to the euro.

(€'000)		Amount
100% Equity of ADVANET Group preliminarily determined in accordance with IFRSs (*)		13,140
Adjustment from employees bonuses net of tax impact		(838)
100% Adjusted equity of ADVANET Group preliminarily determined complying with IFRSs (*)	i)	12,303
65% Adjusted equity of ADVANET Group preliminarily determined complying with IFRSs (A)	ii)	7,997
Provisional cost of business combination (B)	iii)	48,277
Total proforma goodwill to be posted upon accounting for business combination as per IFRS 3 (**) (B)-(A)		40,281

* The equity used to determine pro-forma goodwill equals Advanet Group's equity determined in compliance with IFRS as of 30 April 2007, which is latest available data at the date of this document. Such value was converted based on the Euro/Yen exchange rate as at the Closing Date.

** Upon booking said acquisition, the Eurotech Group shall recognize the fair value of the main assets acquired (which may differ from the book value available at the time, preliminarily with regard to the Advanet brand, customer relationships, the orders portfolio and inventories) directly to the pertaining item, after recognizing the deferred tax impact if required. Any amount that will be directly recognized as goodwill shall only be a residual amount, equalling the acquisition cost in excess of the fair value, for the shares held, of all assets and liabilities identified as at the date in which control was transferred.

EUROTECH GROUP

Eurotech (ETH.MI) is a company active in the research, development, production and marketing of miniaturised computers (NanoPCs) and of computers featuring high-performance computing capability (HPCs).

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