EUROTECH
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Half Yearly consolidated financial report
at 30 June 2012

This document is been translated into English for the convenience of readers outside Italy. The original Italian document should be considered the authoritative version.

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This report is available online
in the 'Investors' section of
www.eurotech.com

EUROTECH SpA
Registered offices: Via Fratelli Solari 3/A, Amaro (Udine), Italy
Paid-in share capital: EUR 8,878,946 fully paid in
Tax code and
Udine Company Register no.: C.F. 01791330309

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EUROTECH GROUP

Corporate information

Board of Directors	
Chairmain	Roberto Siagri
Vice Chairman	Giampietro Tecchiolli
Director	Sandro Barazza [1] [2]
Director	Giovanni Bertolone [2]
Director	Giancarlo Grasso [2]
Director	Chiara Mio [2] [3] [4]
Director	Maria Cristina Pedicchio [2] [3] [4]
Director	Cesare Pizzul [2] [3] [4] [5]
Director	Giovanni Soccodato [2]

The Board of Directors currently in office was appointed by the Ordinary Shareholders' Meeting of 28 April 2011, and will remain in office until approval of the financial statements for the year ending 31 December 2013.

Board of Statutory Auditors	
Chairman	Claudio Siciliotti
Statutory Auditor	Michela Cignolini
Statutory Auditor	Giuseppe Pingaro
Substitute Auditor	Lorenzo Ginisio
Substitute Auditor	Michele Testa

The Board of Statutory Auditors currently in office was appointed by the Ordinary Shareholders' Meeting of 28 April 2011, and will remain in office until the approval of the financial statements for the year ending 31 December 2013.

Independent Auditor	
	Reconta Ernst & Young S.p.A.

The Independent Auditor was appointed for the three-year period 2005-2007 by the Ordinary Shareholders' Meeting of 21 July 2005. This term was extended for the period 2008-2013 at the Ordinary Shareholders' Meeting of 7 May 2007

Corporate name and registered offices of the Parent Company	
	Eurotech S.p.A. Via Fratelli Solari, 3/A 33020 Amaro (UD) Udine Companies Register number 01791330309

[1] Corporate Financial Reporting Manager as from 29 May 2008.
[2] Non-executive Directors.
[3] Member of the Remuneration Committee, the Internal Control Committee and the Committee for Related Party Transactions.
[4] Independent Directors pursuant to the Corporate Governance Code issued by the Italian Corporate Governance Committee for Listed Companies.
[5] Lead Independent Director.

Information for shareholders

The ordinary shares of Eurotech SpA, the Parent Company of the Eurotech Group, have been listed in the STAR segment of the Milan stock market since 30 November 2005.

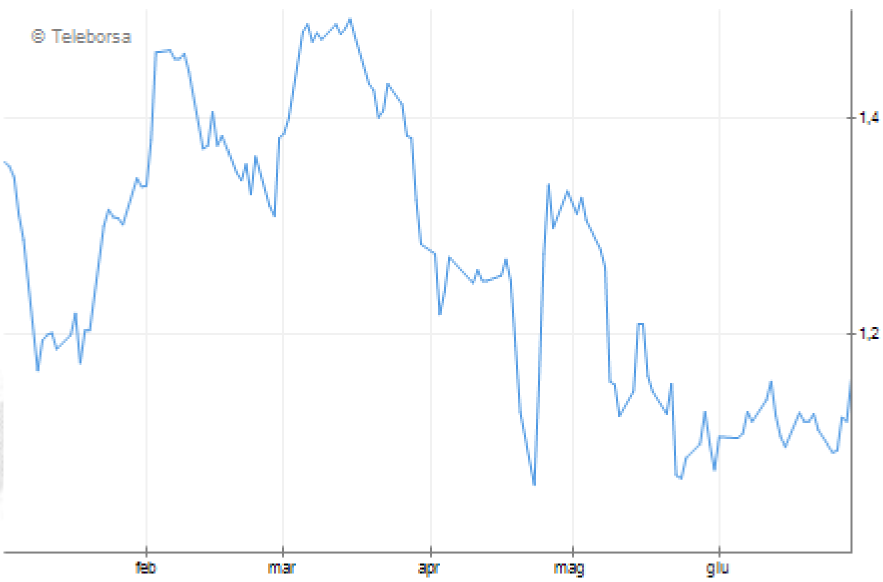
Share capital of Eurotech SpA at 30.06.12

Share capital	€8,878,946.00
Number of ordinary shares (without nominal unit value)	35,515,784
Number of savings shares	-
Number of Eurotech SpA treasury shares	420,140
Stock market capitalisation (based on the share's average price in June 2012)	€41 million
Stock market capitalisation (based on the share's reference price at 30 June 2012)	€41 million

Performance of Eurotech SpA shares

Absolute performance of EUROTECH SpA shares
01.01.2012 – 30.06.2012

The line graph shows the share's performance based on daily reference prices



The candle chart shows the share's daily maximum and minimum prices

Report on operations

Introduction

The annual consolidated financial statements for the Eurotech Group are prepared in compliance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission as per the procedure indicated in Article 6 of the EC Regulation no. 1606/2002 of the European Parliament and European Council dated 19 July 2002.
This consolidated half-year financial report for the six months ended as of 30 June 2012 was prepared pursuant to IAS 34 – Interim Financial Reporting and Article 154-*ter* of the Consolidated Law on Finance (TUF). This consolidated half-year financial report does not include all the information required for preparation of the consolidated annual financial statements; it must therefore be read in conjunction with the consolidated annual financial statements as of 31 December 2011.
Unless otherwise stated, data are expressed in thousands of euro (€ '000).

Performance highlights

Income statement highlights

(€'000)	1H 2012	%	1H 2011	%
OPERATING RESULTS				
SALES REVENUES	42,176	100.0%	41,164	100.0%
GROSS PROFIT MARGIN	20,728	49.1%	21,191	51.5%
EBITDA	(425)	-1.0%	(598)	-1.5%
EBIT	(4,202)	-10.0%	(4,332)	-10.5%
PROFIT (LOSS) BEFORE TAXES	(4,753)	-11.3%	(5,369)	-13.0%
GROUP NET PROFIT (LOSS) FOR THE PERIOD	(4,448)	-10.5%	(5,409)	-13.1%

Balance sheet and financial highlights

PATRIMONIAL DATES	at June 30,	at December	at June 30,
Non-current assets	**134,989**	**134,875**	**121,866**
- of which net intangible assets	126,273	125,922	111,584
- of which net tangible assets	5,645	5,897	5,845
Current assets	**59,509**	**71,258**	**62,878**
TOTAL ASSETS	**194,498**	**206,133**	**184,744**
Group shareholders' equity	**132,058**	**135,043**	**118,470**
Non-current liabilities	**29,156**	**25,897**	**34,153**
Current liabilities	**33,284**	**45,193**	**32,121**
TOTAL LIABILITIES AND EQUITY	**194,498**	**206,133**	**184,744**

€'000	at June 30, 2012	at December 31, 2011	at June 30, 2011
NET FINANCIAL POSITION	**15,664**	**14,327**	**16,786**
NET WORKING CAPITAL	**27,952**	**30,136**	**29,709**
NET INVESTED CAPITAL*	**147,722**	**149,370**	**135,043**
CASH FLOW DATA			
Cash flow generated (used) in operations	0	1,063	(2,042)
Cash flow generated (used) in investment activities	(1,713)	(8,420)	(6,229)
Cash flow generated (absorbed) by financial assets	(1,530)	(4,123)	(4,044)
Net foreign exchange difference	499	1,325	(1,436)
TOTAL CASH FLOW	**(2,744)**	**(10,155)**	**(13,751)**

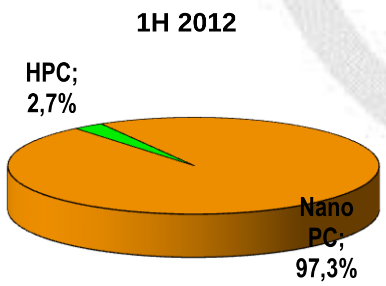
(*) Non-current non-financial assets, plus working capital, less non-current non-financial liabilities.

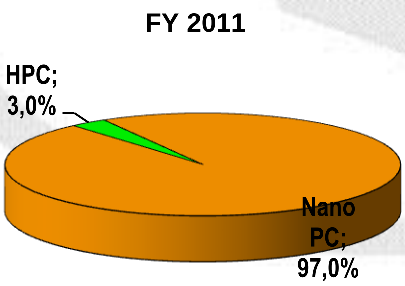
Employee headcount

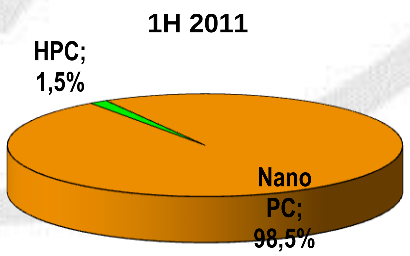
	at June 30, 2012	at December 31, 2011	at June 30, 2011
NUMBER OF EMPLOYEES	429	463	492

Revenues by business line

(€'000)	NanoPC				High Performance Computer				Total			
	1H 2012	1H 2011	% YoY Change	FY 2011	1H 2012	1H 2011	% YoY Change	FY 2011	1H 2012	1H 2011	% YoY Change	FY 2011
Sales revenues	41,056	40,554	1.2%	90,971	1,120	610	83.6%	2,835	42,176	41,164	2.5%	93,806







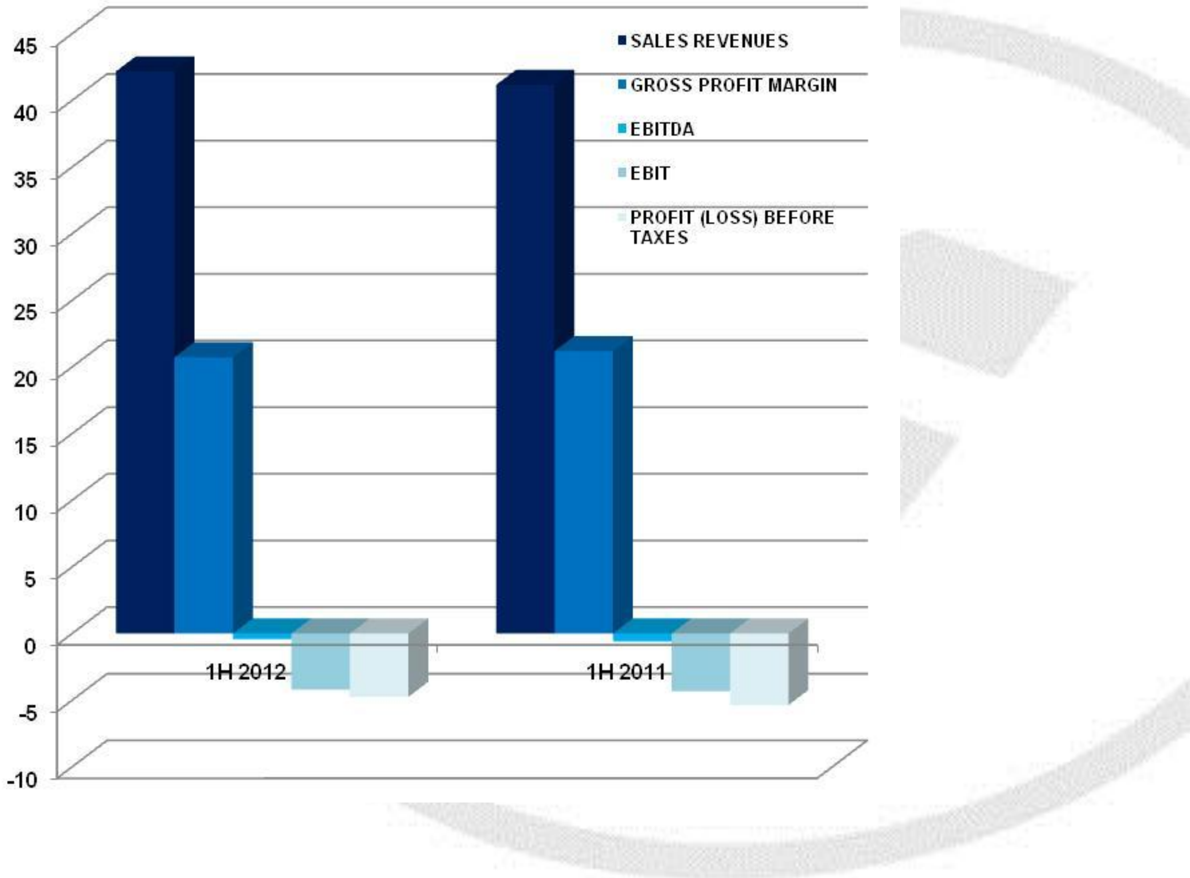
The business lines covered by the Group are 'NanoPCs' and 'HPCs' (high performance computers). The NanoPC line comprises miniaturised electronic modules and systems for the transport, logistics, defence, security, medical and industrial sectors, while the HPC line consists of highly energy-efficient supercomputers, currently targeting universities, research institutes and computing centres. Volumes in the HPC business line are affected by the cyclicality of the purchasing model of our clients operating in this sector.

In view of the clear predominance of the NanoPC business line, information broken down by region has been provided only for this line, in relation to the Group's various units and based on the way in which these are monitored by top management. There are no significant transactions between the business lines.
The Group’s geographical regions in the NanoPC line are defined according to the location of Group assets and transactions. These regions are currently: Europe, North America and Asia.

Revenues of the NanoPC line by business region

(€' 000)	North America			Europe			Asia			Correction, reversal and elimination			Total		
	1H2012	1H2011	%YoY Change	1H2012	1H2011	%YoY Change	1H2012	1H2011	%YoY Change	1H2012	1H2011	%YoY Change	1H2012	1H2011	%YoY Change
Third party Sales	18,325	16,403		9,597	12,105		13,134	12,046		0	0		41,056	40,554	
Infra-sector Sales	1,124	994		3,321	3,926		38	157		(4,483)	(5,077)		0	0	
Total Sales revenues	19,449	17,397	118%	12,918	16,031	-19.4%	13,172	12,203	7.9%	(4,483)	(5,077)	117%	41,056	40,554	12%

Performance



The Eurotech Group

Eurotech is a global company, based in Italy and with operating locations in Europe, North America, and Asia. It is a Group with a strong international orientation, testified by sales being generated on three continents.
The technological paradigm followed by Eurotech is that of 'Pervasive Computing'. The pervasive concept combines three key factors: miniaturisation of 'intelligent' devices, i.e. devices capable of processing information; their diffusion in the real world (inside buildings and equipment, on board vehicles, worn by people, and disseminated in the environment); and their possibility to connect to each other in a network and communicate.
Within this overall vision, Eurotech works on the research, development, engineering, and marketing of miniaturised computers for special applications (NanoPCs) and of high-performance supercomputers (HPCs).
In the NanoPC segment, the Group's offering differs according to the positions of the various products in the value stack. The NanoPC is typically a miniature computer that can take the form of:

- an embedded board, typically used as a component in OEM products
- an application-ready subsystem or platform, used as elements of integrated systems
- a ready-to-use device employed in a great variety of application settings, often as support for the provision of value-added services.

All these NanoPCs have wireline or wireless communication channels to ensure their interconnection. It is this combination of computing and communication capabilities that makes Eurotech's NanoPCs key elements of the pervasive scenario that the company wants to create.

The Group's NanoPC offering is used in many types of applications, both conventional and emerging. Eurotech is most active in the transport, defence, industrial, medical and logistics sectors. The feature common to many of our customers in all these sectors is they are seeking not only a supplier but also a centre of technological competence – and they often see in Eurotech a partner for innovating their products and their way of doing business. They want to reduce their time-to-market and focus on their core businesses. They often need solutions for harsh operating conditions and for mission-critical applications, or supplies assured for long periods.
In the HPC segment, Eurotech designs and creates supercomputers with huge computing capacity, reduced space occupation and high energy efficiency, built via mass and parallel connection of powerful miniaturised computers.
These supercomputers, which have historically been used by cutting-edge research institutes, computing centres and universities, have become indispensable in advanced sectors such as the nanotech, biotech and cyber-security sectors. We also expect to see significant effects on the medical and industrial fields in the near future.

From the time of its foundation in 1992, Eurotech has focused its business model on four guiding principles, which, like four pillars, have underpinned its growth and development and continue to do so. These are:

- excellence within market standards
- a 'fabless' production model, i.e. with production volumes mainly outsourced
- evolution of the business model towards finished products ready to use, i.e. closer to the application scenario of the purchaser or end-customer
- strong interaction with the academic and basic-research worlds.

Eurotech's primary aim has been to excel within sector standards, a principle that it applied right from the start. In other words it understood that, to supply its customers with solutions that both performed well and were open to the future, excellence could not be achieved only with proprietary solutions, but as far as possible with state-of-the-art solutions remaining compliant to the standards, which were themselves evolving.
Eurotech's second strength is the adoption of a fabless production model, i.e. featuring the almost total absence of production facilities. Within the value chain, Eurotech performs research, development, engineering, prototyping, quality control and logistics. Production of NanoPCs is nearly all performed on an outsourced basis by contract manufacturers. Only in the case of HPCs assembly is done in-house, as this is considered to be a strategically important activity.
The third key element of the business model is constant attention to the ongoing evolution of systems integration, i.e. from just boards (or hardware) to systems (hardware with a specific enclosure), to application-ready platforms (a combination of boards, systems and middleware, i.e. a layer of software that speeds up application development and permits disconnection of the software developer from the hardware), and even to ready-to-use devices (products already able to perform a specific function and which do not require any SW programming to be made operative).
The last – but not least important – component of the business model is the network of external relations with universities and research centres. This "knowledge network" fuels innovation and helps to keep Eurotech solutions at the state-of-the-art level of technologies and standards available.

At 30 June 2011 the Eurotech Group consisted of the following companies:

Company name	Business	Share capital	Group % ownership
Parent Company			
Eurotech SpA	Operates in the NanoPC segment with its main focus on the Italian market and in the HPC market at global level. In terms of organisation, it performs the role of coordinating holding company at corporate level	EUR 8,878,946	
Subsidiaries and companies consolidated on a line-by-line basis			
Eurotech Inc.	Operates in the US market in the NanoPC segment with a focus on the industrial, medical and transport sectors	USD 26,500,000	100.00%
Eurotech Ltd.	Operates in the NanoPC segment and is active primarily in the UK	GBP 33,333	100.00%
E-Tech USA Inc.	Holding company that controls 100% of Eurotech Inc. and Dynatem Inc.	USD 8,000,000	100.00%
Eurotech Finland Oy in liquidation	Marketed Group products in the Scandinavian countries (2)	EUR 508,431	100.00%
Eurotech France S.A.S.	Operates in the French NanoPC market	EUR 795,522	100.00%
Saee S.r.l.	Active in technological solutions in the field of sensor networks and wireless applications	EUR 15,500	100.00%
I.P.S. Sistemi Programmabili S.r.l.	Operates in the NanoPC sector with the IPS brand and in the high-tech security sector with the ETH Security brand	EUR 51,480	100.00%
Parvus Corp.	Operates in the US NanoPC market, mainly in the defence sector	USD 119,243	100.00%
ETH Devices S.r.o.	Operates in the Eastern European NanoPC sector, mainly in the handheld devices segment	EUR 10,000	100.00%
Dynatem Inc.	Operates in the US NanoPC market	USD 1,000	100.00%
EthLab S.r.l.	Handles research on the Group's behalf (since 2005)	EUR 115,000	99.99%
Advanet Inc.	Operates in the Japanese NanoPC market	JPY 72,440,000	90.00% (1)

(1) For the purposes of consolidation 100% is taken into account, since the company holds the remaining 10% in the form of treasury shares.

(2) A subsidiary, but not consolidated because it is in liquidation.

Operating performance

(€'000)		1H 2012	%	1H 2011	%
OPERATING RESULTS					
SALES REVENUES		42,176	100.0%	41,164	100.0%
GROSS PROFIT MARGIN	(*)	20,728	49.1%	21,191	51.5%
EBITDA	(**)	(425)	-1.0%	(598)	-1.5%
EBIT	(***)	(4,202)	-10.0%	(4,332)	-10.5%
PROFIT (LOSS) BEFORE TAXES		(4,753)	-11.3%	(5,369)	-13.0%
GROUP NET PROFIT (LOSS) FOR THE PERIOD		(4,448)	-10.5%	(5,409)	-13.1%

(*) Gross profit = difference between revenues from sale of products and services and consumption of raw materials.

(**) EBITDA, an intermediate figure, is earnings before amortisation, depreciation and impairment of non-current assets, financial income and expenses, the valuations of affiliates at equity and of income taxes for the period. This is a measure used by the Group to monitor and assess its operating performance. Since the composition of EBITDA is not regulated by the reference accounting standards, the determination criteria applied by the Group may not be the same as that used by others and may therefore not be comparable.

(***) EBIT, or earnings before financial income and expenses, the valuations of affiliates at equity and income taxes for the period.

Group revenues rose by 2.5%, or €1.01 million, from €41.16 million in the first half of 2011 to €42.18 million in the first half of 2012. The year-on-year improvement mainly reflects the forex effect of the dollar and yen against the euro. The order intake was slightly lower than forecast in the half-year, but in view of the current pipeline the outlook for year-end remains positive. To date, no circumstances or facts have arisen that might make it necessary to substantially revise the sales forecasts made for financial year 2012.

There is still a strong attention to the global situation, with the US and especially Japan showing positive signs (albeit slowly), while an uncertain situation with poor visibility has persisted in Europe. This trend is confirmed by the breakdown of revenues generated by the three regions, as described later in this document.
The half-year (particularly the second quarter) was characterised by a product sales mix with a lower margin than usual, which affected the interim half-year results. Based on the order book, gross profit for the full-year is likely to be in line with management expectations.
Management is also continuing to focus on cost performance, particularly in fixed costs. All the necessary measures are still being taken to curb spending, but without withdrawing the investment needed to sustain Group competitiveness, for example through new product development.

Before we comment in detail on the income statement figures, we highlight that some of these are influenced by effects arising from price allocation[A] relating to the business combination of Applied Data Systems Inc. (now Eurotech Inc.), Dynatem Inc. and Gruppo Advanet.
Actual results with and without the effect of purchase price allocation are summarised below:
- instead of -€4.20 million, the EBIT figure would have come out at -€2.32 million;
- instead of -€4.75 million, the pre-tax result would have been -€2.87 million;
- instead of -€4.45 million, the Group net result would be -€3.34 million.

[A] More specifically, the effects of recognition in the accounts of PPA relating to the business combinations concerning Applied Data Systems Inc., Dynatem Inc. and the Advanet Group can be summarised as follows:
- depreciation, amortisation and write-downs: €1,877 thousand (€1,623 thousand at 30 June 2011), equal to the higher amortisation charged on the values attributed to intangible assets (customer relationships and order backlog);
- lower income taxes: €773 thousand (€670 thousand at 30 June 2011) arising from tax effect on the adjustments made;

The gross profit margin for the period was less than in the first half of 2011 and than at the end of 2011, at 49.1%. The first-half performance, which was affected by the specific mix of products sold in the second quarter, is regarded as temporary, and management is aiming for a gross profit margin of over 50% for year-end, in line with previous quarters.

Operating costs as a percentage of revenues decreased from 55.6% in the first half of 2011 (€22.90 million) to 53.0% (€22.35 million) in the first half of 2012. Due to the negative forex effect, this performance does not fully reflect the efforts made to contain fixed costs. When looking at amounts in local currencies, however, significant savings were made year on year due to action taken during 2011 that has produced benefits in 2012. In the first few months of 2012, management also took further steps to increase structural efficiency, thereby reducing the activation threshold for operating leverage; these measures will produce their clearest effects from the second half of the year. Curbing fixed costs and streamlining existing resources remain a priority for management, in order to achieve the profit targets set for the current year.
Due to the traditional distribution of turnover over the quarters, the ratio of fixed costs to turnover was higher in the first half than the forecasted level for year-end, assessed over the 12 months.

EBITDA came in at -€0.4 million in the first half of 2012, compared with -€0.6 million in the first half of 2011. EBITDA as a percentage of revenues went from -1.5% in the first half of 2011 to -1.0% in the first half of 2012. The difference between the two periods is mainly due to reduced operating costs, partly offset by the gross profit margin not being at the same ratio on revenues recorded last year. EBITDA forecast for financial year 2012 remains positive.

EBIT came to -€4.20 million in the first half of 2012, compared with -€4.33 million in the first half of 2011. EBIT as a percentage of revenues was -10.0% in the first half, compared with -10.5% in the same period of 2011. This performance reflects the EBITDA performance described above as well as depreciation and amortisation recognised in the income statement in the first six months of 2012. Depreciation and amortisation derive from both operating assets becoming subject to depreciation in the first half and the non-monetary effects arising from price allocation relating to the acquisitions of Eurotech Inc. (formerly Applied Data Systems Inc.), Dynatem Inc. and the Advanet Group. The effect on EBIT of the higher value attributed as a result of PPA was €1.88 million the first half of 2012, compared with €1.62 million in the first half of 2011.

The financial result was affected by forex differences caused by the trend in foreign currencies, as well as by the trend in net financial position. Overall, foreign exchange differences had a positive effect on the period of €94 thousand (compared with a negative effect of €363 thousand in the first half of 2011), while financial management relating to interest had an effect of €611 thousand (€535 thousand in the first half of 2011).

A pre-tax loss of €4.75 million was registered for the first half of 2012, (compared with a loss of €5.37 million in the same period a year previously). This performance was influenced by the factors outlined above. The effect of PPA on the pre-tax result was €1.88 million in the first half of 2012 (€1.62 million in the first half of 2011).

The Group net result was -€4.45 million in the first half of 2012, compared with -€5.41 million in the same period last year. This performance not only reflects the pre-tax result, but also the level of the tax burden on the Group's various units.
Total PPA effects on the Group net result in the first half of 2012 amounted to €1.10 million (€0.95 million in the first half of 2011).

As indicated in the explanatory notes to the condensed consolidated half-year financial statements (Note D), the Group discloses segment information based on the product sectors in which it develops its activity (NanoPCs and HPCs) and, exclusively in NanoPCs, based on the regions in which the various Group companies operate and are currently monitored. These are defined by the location of goods and operations carried out by individual Group companies. They are: Europe, North America and Asia.

More specifically, below we have broken down the trend in revenues and margins in the individual business areas and the changes occurring in the reporting period.

(€'000)	NanoPC			High Performance Computer			Total		
	1H 2012	1H 2011	%YoY Chg	1H 2012	1H 2011	%YoY Chg	1H 2012	1H 2011	%YoY Chg
Sales and service revenue by segment									
Sales and service revenue by segment	41,056	40,554	1.2%	1,120	610	83.6%	42,176	41,164	2.5%
Ebitda by segment	(134)	(446)	70.0%	(291)	(152)	91.4%	(425)	(598)	28.9%
Ebit by segment	(3,596)	(3,907)	-8.0%	(606)	(425)	-42.6%	(4,202)	(4,332)	3.0%
Total EBIT							(4,202)	(4,332)	3.0%
Net finance income (expense)							(519)	(898)	42.2%
Shares of associates' profit (loss)	(32)	(139)					(32)	(139)	77.0%
Profit before tax of continuing operations							(4,753)	(5,369)	11.5%
Income tax							305	(40)	862.5%
Net profit (loss)							(4,448)	(5,409)	17.8%

The breakdown of the NanoPC business line by region is as follows:

(€' 000)	North America			Europe			Asia			Correction, reversal and elimination			Total		
	1H 2012	1H 2011	%YoY Change	1H 2012	1H 2011	%YoY Change	1H 2012	1H 2011	%YoY Change	1H 2012	1H 2011	%YoY Change	1H 2012	1H 2011	%YoY Change
Third party Sales	18,325	16,403		9,597	12,105		13,134	12,046		0	0		41,056	40,554	
Infra-sector Sales	1,124	994		3,321	3,926		38	157		(4,483)	(5,077)		0	0	
Total Sales revenues	19,449	17,397	11.8%	12,918	16,031	-19.4%	13,172	12,203	7.9%	(4,483)	(5,077)	11.7%	41,056	40,554	1.2%
Gross profit	7,716	8,015	-3.7%	4,951	6,146	-19.4%	7,828	7,430	5.4%	(107)	(563)	-81.0%	20,388	21,028	-3.0%
Gross profit margin - %	39.7%	46.1%		38.3%	38.3%		59.4%	60.9%					49.7%	51.9%	
EBITDA													(134)	(446)	-70.0%
EBITDA margin - %													-0.3%	-1.1%	
EBIT													(3,596)	(3,907)	n.s.
EBIT margin - %													-8.8%	-9.6%	

The North American business area's revenues totalled €19.4 million in the first half of 2012 and €17.4 million in the first half of 2011, representing a 11.8% increase. The change reflects the contribution to 2012 first-half turnover of Dynatem Inc., which had only recently been consolidated at 30 June 2011, as well as a positive forex effect.
The European business area registered a 19.4% decrease in revenues in total (including interregional revenues) from €16.0 million in the first half of 2011 to €12.9 million in the first half year 2012, attributable to a decrease in UK turnover, which had benefited from the effects of carrying out a major order in the transport sector in the first half of 2011.
Sales in the Asian business area increased by 7.9%, from €12.2 million to €13.2 million, due to the trend of the overall economy in Japan and the forex effect from conversion into euro of amounts expressed in yen.

In terms of the main business lines, HPC sales grew by 83.6% in the reporting period but remained limited in terms of absolute values. Orders for the next half-year should bring revenues for the full-year 2012 to higher levels than in full-year 2011. The market is growing, although it is still characterised by substantial orders from a limited number of customers, and the recently launched Aurora product is still a frontrunner, mainly due to its low energy consumption and high computing density.
The NanoPC line registered a slight increase in sales of 1.2%: €41,056 thousand in the first half of 2012, compared with €40,554 thousand in the first half of 2011, as already mentioned.

The breakdown of revenues by type is as follows:

SALES BY TIPE	1Q 2012	%	1H 2011	%
Industrial revenues	39,731	94.2%	39,534	96.0%
Services revenues	2,445	5.8%	1,630	4.0%
TOTALE SALES AND SERVICE REVENUES	42,176	100.0%	41,164	100.0%

Below we show the geographical revenue breakdown based on customer location.

BREAKDOWN BY GEOGRAPHIC AREA	1H 2012	%	1H 2011	%
European Union	8,001	19.0%	8,114	19.7%
United States	18,222	43.2%	18,764	45.6%
Japan	13,261	31.4%	12,037	29.2%
Other	2,692	6.4%	2,249	5.5%
TOTAL SALES AND SERVICE REVENUES	42,176	100.0%	41,164	100.0%

The revenues generated by the various Group companies in the US region decreased by 2.9%, mainly for a series of delays in orders for the defense market as a result of the policy pursued by the U.S. government in the allocation of government funds. The US region accounted for 43.2% of total first half turnover.
The Japan region saw growth of 10.2%. This was mainly due to a positive forex effect due to conversion of the financial statements of the Japanese company, but shows also that the country has made a recovery compared with 2011.
In Europe, again with reference to customer location, turnover was largely unchanged at about 19% of the total.

Balance sheet

Non-current assets

(€'000)	at June 30, 2012	at December 31, 2011	Changes
ASSETS			
Intangible assets	126,273	125,922	351
Property, Plant and equipment	5,645	5,897	(252)
Investments in non-consolidated subsidiaries	51	0	51
Investments in affiliate companies	304	278	26
Investments in other companies	266	270	(4)
Deferred tax assets	1,420	1,439	(19)
Other non current financial assets	186	226	(40)
Other non-current assets	844	843	1
Total non-current assets	**134,989**	**134,875**	**114**

Non-current assets in the above table increased from €134.88 million for 2011 to €134.99 million in the first half of 2012. The change mainly reflects changes in intangible and tangible assets arising from the different conversion ratio for financial statements in foreign currency, as well as price allocation in the currency of the combined foreign entity and the investments made.

Investments in non-consolidated subsidiaries include the estimated realisable value from the liquidation of the subsidiary Eurotech Finland Oy.

The Group's main investments were as follows:

(€'000)	at June 30, 2012	at December 31, 2011	at June 30, 2011
Intangible assets	2,424	2,881	1,055
Property, plant and equipment	520	820	311
Investments	0	33	34
TOTAL MAIN INVESTMENTS	2,944	3,734	1,400

Current assets

(€'000)	at June 30, 2012	at December 31, 2011	Changes
Inventories	21,715	23,734	(2,019)
Contracts in progress	1,453	2,356	(903)
Trade receivables	22,353	26,724	(4,371)
Income tax receivables	537	938	(401)
Other current assets	2,499	2,569	(70)
Receivables from affiliates companies	0	1,163	(1,163)
Short term borrowing allowed to affiliates companies and other Group companies	0	178	(178)
Other current financial assets	100	0	100
Cash & cash equivalents	10,852	13,596	(2,744)
Total current assets	**59,509**	**71,258**	**(11,749)**

The current assets item decreased, from €71.26 million at 31 December 2011 to €59.51 million in the first half of 2012.

The decrease in cash was mainly due to utilisation to repay portions of loans. Trade receivables also decreased during the period due to payments received, and inventories were also lower due to more efficient inventory management.

Working capital

Working capital, which comprises current assets net of cash and cash equivalents and non-financial current liabilities, underwent the following changes in the reporting period:

(€'000)	at June 30, 2012 (b)	at December 31, 2011 (a)	Changes (b-a)
Inventories	21,715	23,734	(2,019)
Contracts in progress	1,453	2,356	(903)
Trade receivables	22,353	26,724	(4,371)
Receivables from affiliates companies	0	1,163	(1,163)
Income tax receivables	537	938	(401)
Other current assets	2,499	2,569	(70)
Current assets	*48,557*	*57,484*	*(8,927)*
Trade payables	(12,731)	(18,388)	5,657
Income tax liabilities	(751)	(1,731)	980
Other current liabilities	(7,123)	(7,229)	106
Current liabilities	*(20,605)*	*(27,348)*	*6,743*
Net working capital	**27,952**	**30,136**	**(2,184)**

Net working capital decreased by comparison with 31 December 2011. This change was mainly due to reduced trade receivables, because turnover was more concentrated at the end of the year than at the end of the first half, the reduction to zero of receivables from affiliates and reduced inventories and work in progress. A decrease in trade payables and income tax payables also helped to offset the effects on current assets.

Net financial position

The net financial position at the end of each period is broken down in the following table.

(€'000)		at June 30, 2012	at December 31, 2011
Cash & cash equivalents	A	(10,852)	(13,596)
Cash equivalent	**B=A**	**(10,852)**	**(13,596)**
Short term borrowing allowed to affiliates companies	C	0	(178)
Other current financial assets	D	(100)	0
Derivative instruments	E	375	376
Short-term borrowing	F	12,082	17,253
Business aggregation liabilities	G	222	216
Short-term financial position	**H=C+D+E+F+G**	**12,579**	**17,667**
Short-term net financial position	**I=B+H**	**1,727**	**4,071**
Medium/long term borrowing allowed to affiliates companies	J	0	0
Other non current financial assets	K	(186)	(226)
Medium/long term borrowing	L	14,123	10,482
Medium-/long-term net financial position	**M=J+K+L**	**13,937**	**10,256**
(NET FINANCIAL POSITION) NET DEBT	**N=I+M**	**15,664**	**14,327**

With regard to the financing agreement for which one of the covenants was not met at 31 December 2011, resulting in the loss of the benefit of the term and the reclassification among current liabilities of the medium/long-term portions of the loan, note that the Parent Company obtained a waiver letter from the lending institution, in which the lender formally expressed its willingness to continue the loan relationship based on the original amortisation plan, implementing only a management fee. Therefore, having obtained this waiver letter, at 30 June 2012 the Parent Company reclassified the medium/long-term loans on the basis of the original maturity of the amortisation plan.

The change in cash is due to disbursements for investments made, as well as the repayment of portions of loans. Note that business operations had a slightly positive cash flow, a marked improvement on the negative cash flow of -€2.04 million registered in the first half of 2011. This positive performance reflects more efficient and prudent management of working capital.

Cash flow

(€'000)	at June 30, 2012	at December 31, 2011	at June 30, 2011
Cash flow generated (used) in operations	0	1,063	(2,042)
Cash flow generated (used) in investment activities	(1,713)	(8,420)	(6,229)
Cash flow generated (absorbed) by financial assets	(1,530)	(4,123)	(4,044)
Net foreign exchange difference	499	1,325	(1,436)
Increases (decreases) in cash & cash equivalents	(2,744)	(10,155)	(13,751)
Opening amount in cash & cash equivalents	13,596	23,751	23,751
Cash & cash equivalents at end of period	10,852	13,596	10,000

Investments and research and development

At 30 June 2012, technical investments (tangible assets) in equipment and instruments amounted to €444 thousand, while investments in other assets totalled €76 thousand.

During the period, the Group worked on industrial research and development and technological innovation relating both to new products and to process improvements.
The research led to the development of new products/applications in the field of embedded computers and systems, high-integration and low-consumption computers, network appliances and supercomputers. Technological innovation also led to improved product quality with the aim of reducing production costs and consequently boosting corporate competitiveness. The costs of developing new products were capitalised at €1,100 thousand (€999 thousand in the first half of 2011).

Competitive scenario, outlook and future growth strategy

The integration and stronger relationships between the companies of the Group, thier world-wide positioning, together with the sound balance sheet and financial position of the Group mean that it remains competitive in a continually changing market and that the outlook for 2012 is still positive, despite continuing market uncertainty in some segments and regions. The Group's strategic development will continue, following guidelines similar to those already applied in previous years. The implementation of the strategic plan specifically includes the following actions:

- in NanoPCs, the development and offering of high-added-value new products/solutions, with a particular focus on creating application-ready platforms (systems) and ready-to-use devices
- in both NanoPCs and HPCs, a focus on products/solutions increasingly closer to the paradigm of pervasive computing or ubiquitous computing
- the strengthening of commercial activities, with a particular focus on indirect sales channels
- heightened integration between individual Group companies, to achieve greater operating effectiveness, benefiting from the economies of scale achievable, and consolidating the Eurotech brand image
- continuous monitoring of new acquisition opportunities to expand the Group's presence in specific markets or as a catalyst for cross-selling between subsidiaries (such as in the case of the acquisition of Dynatem Inc.).

Treasury shares of the Parent Company owned by the Parent Company or subsidiaries

The Parent Company, Eurotech SpA, held 420,140 treasury shares at the end of the reporting period. No transactions took place in the first half of 2012.

Disclosure relating to sovereign exposures

In keeping with Consob Notice no. DEM/11070007 dated August 5, 2011 (which is based on ESMA Statement 2011/266 of July 28, 2011) on the information regarding listed companies' exposures to sovereign debt securities to be included in financial statement we advised that the Group does not own sovereign debt securities.

Significant events after the reporting period

No other significant events took place after the end of the half-year.

Condensed half-yearly consolidated financial statements at 30 June 2012

Consolidated statement of financial position

(€'000)	Notes	at June 30, 2012	at December 31, 2011
ASSETS			
Intangible assets	1	126,273	125,922
Property, Plant and equipment	2	5,645	5,897
Investments in non-consolidated subsidiaries	3	51	0
Investments in affiliate companies	3	304	278
Investments in other companies	3	266	270
Deferred tax assets	25	1,420	1,439
Other non current financial assets		186	226
Other non-current assets		844	843
Total non-current assets		**134,989**	**134,875**
Inventories	4	21,715	23,734
Contracts in progress	5	1,453	2,356
Trade receivables	6	22,353	26,724
Income tax receivables	7	537	938
Other current assets	8	2,499	2,569
Receivables from affiliates companies		0	1,163
Short term borrowing allowed to affiliates companies and other Group companies		0	178
Other current financial assets	9	100	0
Cash & cash equivalents	10	10,852	13,596
Total current assets		**59,509**	**71,258**
Total assets		**194,498**	**206,133**
LIABILITIES AND EQUITY			
Share capital		8,879	8,879
Share premium reserve		136,400	136,400
Other reserves		(13,221)	(10,236)
Group shareholders' equity	12	**132,058**	**135,043**
Equity attributable to minority interest	12	**0**	**0**
Total shareholders' equity	12	**132,058**	**135,043**
Medium-/long-term borrowing	14	14,123	10,482
Employee benefit obligations		1,776	1,718
Deferred tax liabilities	25	11,466	12,111
Other non-current liabilities		1,791	1,586
Total non-current liabilities		**29,156**	**25,897**
Trade payables	15	12,731	18,388
Short-term borrowing	14	12,082	17,253
Derivative instruments	28	375	376
Income tax liabilities	7	751	1,731
Other current liabilities	16	7,123	7,229
Business combination liabilities	10	222	216
Total current liabilities		**33,284**	**45,193**
Total liabilities		**62,440**	**71,090**
Total liabilities and equity		**194,498**	**206,133**

Consolidated income statement

INCOME STATEMENT (€'000)	Note	1H 2012	1H 2011
Revenues from sales of products and services	D	42,176	41,164
Other revenues	22	99	117
Cost of materials	17	(21,448)	(19,973)
Service costs	19	(7,371)	(7,973)
Lease & hire costs		(1,146)	(1,185)
Payroll costs	20	(13,154)	(12,847)
Other provisions and other costs		(681)	(900)
current assets	21	1,100	999
Depreciation & amortisation	23	(3,777)	(3,734)
Operating profit		**(4,202)**	**(4,332)**
Share of associates' profit of equity	3	(32)	(139)
Finance expense	24	(2,067)	(3,598)
Finance income	24	1,548	2,700
Profit before taxes		**(4,753)**	**(5,369)**
Income tax	25	305	(40)
Net profit (loss) before minority interest		**(4,448)**	**(5,409)**
Minority interest		**0**	**0**
Group net profit (loss) for period		**(4,448)**	**(5,409)**
Base earnings (losses) per share	13	**(0.127)**	**(0.154)**
Diluted earnings (losses) per share	13	**(0.127)**	**(0.154)**

Consolidated statement of comprehensive income

STATEMENT OF COMPREHENSIVE INCOME (€'000)	Note	1H 2012	1H 2011
Net profit (loss) before minority inerest (A)		**(4,448)**	**(5,409)**
Other elements of the statement of comprehensive income			
Net profit (loss) from Cash Flow Hedge		1	126
Tax effect		0	0
		1	*126*
Foreign balance sheets conversion difference		*874*	*(7,810)*
Exchange differences on equity method		*16*	*(43)*
Exchange differences on equity investments in foreign companies		572	(1,509)
Tax effect		0	0
		572	*(1,509)*
After tax comprehensive profit (loss) (B)		*1,463*	*(9,236)*
Comprehensive net result (A+B)		**(2,985)**	**(14,645)**
Comprehensive minority interest		**0**	**0**
period		**(2,985)**	**(14,645)**

Statement of changes in shareholders' 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	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	3,966	135,484
2010 Result allocation	-	-	-	-	(6,079)	-	-	-	6,079	-	-	-
Profit (loss) as at June 30, 2011	-	-	-	-	-	-	-	-	(5,409)	(5,409)	-	(5,409)
Comprehensive other profit (loss)												
- Hedge transactions	-	-	-	-	-	126	-	-	-	126	-	126
- Foreign balance sheets conversion difference	-	-	-	(7,810)	-		-	-	-	(7,810)	-	(7,810)
- Exchange differences on equity method	-	-	-	-	(43)	-	-	-	-	(43)	-	(43)
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	(1,509)	-	-	(1,509)	-	(1,509)
Comprehensive result	-	-	-	*(7,810)*	*(43)*	*126*	*(1,509)*	-	*(5,409)*	*(14,645)*	-	*(14,645)*
Minority purchase	-	-	-	-	1,597	-	-	-	-	1,597	(3,966)	(2,369)
Balance as at June 30, 2011	8,879	39	136,400	18,128	(35,728)	(213)	(2,286)	(1,340)	(5,409)	118,470	-	118,470

(€'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	Equity attributable to Minority interest	Total shareholders' equity
Balance as at December 31, 2011	8,879	39	136,400	34,514	(35,703)	(376)	(124)	(1,340)	(7,246)	135,043	-	135,043
2011 Result allocation	-	-	-	-	(7,246)	-	-	-	7,246	-	-	-
Profit (loss) as at June 30, 2012	-	-	-	-	-	-	-	-	(4,448)	(4,448)	-	(4,448)
Comprehensive other profit (loss)												
- Hedge transactions	-	-	-	-	-	1	-	-	-	1	-	1
- Foreign balance sheets conversion difference	-	-	-	874			-	-	-	874	-	874
- Exchange differences on equity method	-	-	-	-	16	-	-	-	-	16	-	16
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	572	-	-	572	-	572
Comprehensive result	-	-	-	*874*	*16*	*1*	572	-	*(4,448)*	*(2,985)*	-	*(2,985)*
Balance as at June 30, 2012	8,879	39	136,400	35,388	(42,933)	(375)	448	(1,340)	(4,448)	132,058	-	132,058

Cash Flow Statement

CONSOLIDATED CASH FLOW STATEMENT (€'000)	at June 30, 2012	at June 30, 2011
CASH FLOWS GENERATED BY OPERATIONS:		
Group net profit	**(4,448)**	**(5,409)**
Adjustments to reconcile reported net profit with cash & cash equivalents generated (used) in operations:		
Depreciation & amortization intangible assets, property, plant and equipment	3,777	3,734
Write-down of receivables	277	133
Interest income	(19)	(43)
Share of net profit of associate and non-consolidated subsidiaries	32	139
Provision for (use of) long-term employee severance indemnities	58	(174)
Provision for (use of) risk provision	205	(28)
(Provision for) / use of deferred tax asset / Provision for (use of) deferred tax liability	(626)	(940)
Changes in current assets and liabilities		
Trade receivables	4,094	6,763
Other current assets	471	438
Inventories and contracts in process	2,922	(3,373)
Trade payables	(5,657)	(2,823)
Other current liabilities	(1,086)	(459)
Total adjustments and changes	**4,448**	**3,367**
Cash flow generated (used) in operations	**0**	**(2,042)**
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Disposal of intangible assets		
Sales of tangible and intangible assets	21	2
Interest income	19	43
Net profit from Radstone transaction	0	0
Purchase of intangible fixed assets	(2,424)	(1,055)
Purchase of tangible fixed assets	(520)	(311)
Decreases (Increases) other financial assets	1,281	(565)
Net investments in long-term investments and non-current assets	(90)	46
Minority interest purchase	0	(2,369)
Pay outstanding debt for business combinations prior years	0	(1,066)
Business acquisition net of cash acquired	0	(954)
Cash flow generated (used) in investment activities	**(1,713)**	**(6,229)**

CONSOLIDATED CASH FLOW STATEMENT (€'000)	at June 30, 2012	at June 30, 2011
CASH FLOW FROM FINANCING ACTIVITIES:		
Loans taken	1,274	0
Increases (decreases) short term loan	1,095	(851)
Repaid loans medium/long term	(3,899)	(3,193)
Dividendi pagati agli azionisti		
Dividendi pagati alle minoranze		
Cash flow generated (absorbed) by financial assets	**(1,530)**	**(4,044)**
Net foreign exchange difference	499	(1,436)
Increases (decreases) in cash & cash equivalents	**(2,744)**	**(13,751)**
Opening amount in cash & cash equivalents	**13,596**	**23,751**
Cash & cash equivalents at end of period	**10,852**	**10,000**
Interest paid	**637**	**591**
Income taxes paid (get)	**1,547**	**1,144**

Explanatory notes to financial statements

A – Corporate information

The publication of the condensed half-yearly consolidated financial statements of Eurotech SpA for the six months ended 30 June 2012 was authorised by resolution of the Directors on 29 August 2012. Eurotech SpA is a joint stock company incorporated and domiciled in Italy.
Eurotech is a group active in the research, development, and marketing of miniaturised computers for special uses (NanoPCs) and computers with high-performance computing capability (HPCs). For further information, see note D.

B – Reporting procedures and IFRS compliance

The annual consolidated financial statements for the Eurotech Group are prepared in compliance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission as per the procedure indicated in Article 6 of the EC Regulation no. 1606/2002 of the European Parliament and European Council dated 19 July 2002.
These condensed half-yearly consolidated financial statements for the six months ended 30 June 2012 were prepared pursuant to IAS 34 – Interim Financial Reporting and Article 154-*ter* of the TUF. These condensed half-yearly consolidated financial statements do not include all the information required to prepare the consolidated annual financial statements. This report should therefore be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2011.
Preparation of interim financial statements requires senior management to make estimates and assumptions that affect the amounts of reported revenues, costs, assets and liabilities and disclosure concerning contingent assets and liabilities as at the interim reporting date. If in future these estimates and assumptions, which are based on management's best possible evaluation, were to differ from actual circumstances, they would be amended accordingly in the period when such circumstances materialised. For a fuller description of the Group's most important evaluation processes, readers should refer to the content of chapter C – "Discretionary evaluations and relevant accounting estimates" – of the Consolidated Annual Financial Report at 31.12.11.
We also point out that some evaluation processes – in particular the more complex ones such as calculation of any impairment of non-current assets – are generally performed in full only when annual financial statements are drawn up, i.e. when all and any information required is available. The exceptions to this are cases when impairment indicators exist such as to require immediate testing for any impairment.
Income taxes are recognised according to the best estimate of the weighted average tax rate expected for the full financial year.
The accounting principles used to prepare the condensed half-yearly consolida2ed financial statements are the same as those used at 31 December 2011, except for the adoption, from 1 January 2012, of the following new standards and interpretations:

IAS 12 – Deferred Tax: Recovery of Underlying Assets (Amendment) - This amendment to IAS 12 includes a rebuttable presumption that the carrying amount of investment property measured using the fair value model in IAS 40 will be recovered through sale and, accordingly, that any related deferred tax should be measured on a sale basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time, rather than through sale. Specifically, IAS 12 will require that deferred tax arising from a non-depreciable asset measured using the revaluation model in IAS 16 should always reflect the tax consequences of recovering the carrying amount of the underlying asset through sale. Effective implementation date is for annual periods beginning on or after1 January 2012. The Group has both investment properties at fair value and assets under IAS 16 valued under the revaluation model. The jurisdictions in which the Group operates do not have a different tax charge for sale or consumption of the assets. While the amendment is applicable, it has no impact on the financial statement of the Group.

IFRS 7 – Disclosures - Transfers of financial assets (Amendment) – The IASB issued an amendment to IFRS 7 that enhances disclosures for financial assets. These disclosures relate to assets transferred (as defined under IAS 39). If the assets transferred are not derecognised entirely in the financial statements, an entity has to disclose information that enables users of financial statements to understand the relationship between those assets which are not derecognised and their associated liabilities. If those assets are derecognised entirely, but the entity retains a continuing involvement, disclosures have to be provided that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. Effective implementation date is for annual periods beginning on or after 1 July 2011 with no comparative requirements.

IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendment) - When an entity's date of transition to IFRS is on or after the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date, at fair value on the date of transition to IFRS. This fair value may be used as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position. However, this exemption may only be applied to assets and liabilities that were subject to severe hyperinflation. Effective implementation date is for annual periods beginning on or after 1 July 2011 with early adoption permitted.

The above amendments to standards have had no impact on the Group's accounting policies, financial position or results. The Group did not adopt early any other standard, interpretation or improvement issued but not yet in force.

The condensed half-yearly consolidated financial statements are drawn up in euro, rounding amounts to the nearest thousand. The financial statements consist of the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement, and the following explanatory notes.

The data used for consolidation have been taken from the income statements and balance sheets prepared by the Directors of individual subsidiaries. These figures have been appropriately amended and restated as necessary to align them with international accounting procedures and with uniform group-wide classification procedures.

C – Scope of consolidation

The condensed half-yearly consolidated financial statements include the half-yearly financial statements of the Parent Company, Eurotech SpA, and of the Italian and foreign subsidiaries over which Eurotech has the right to exercise control, directly or indirectly (through subsidiaries and associates), determining their financial and operating decisions, and the right to obtain related benefits.
Subsidiaries are consolidated starting on the date when control was effectively transferred to the Group and cease to be consolidated from the date on which control is transferred outside the Group
The companies included in the basis of consolidation on a line-by-line basis at 30 June 2012 are as follows:

Company name	Registered office	Share capital		Group % ownership
Parent company				
Eurotech S.p.A.	Via Fratelli Solari, 3/A – Amaro (UD)	Euro	8.878.946	
Subsidiary companies consolidated line by line				
Dynatem Inc.	Mission Viejo (USA)	USD	1.000	100,00%
ETH Devices S.r.o.	Bratislava (Slovacchia)	Euro	10.000	100,00%
Eurotech Inc.	Columbia (USA)	USD	26.500.000	100,00%
Eurotech Ltd.	Cambridge (UK)	GBP	33.333	100,00%
E-Tech USA Inc.	Columbia (USA)	USD	8.000.000	100,00%
Eurotech France S.A.S.	Venissieux Cedex (Francia)	Euro	795.522	100,00%
I.P.S. Sistemi Programmabili S.r.l.	Via Piave, 54 – Caronno Varesino (VA)	Euro	51.480	100,00%
Parvus Corp.	Salt Lake City (USA)	USD	119.243	100,00%
Saee S.r.l.	Via Fratelli Solari, 5 Amaro (UD)	Euro	15.500	100,00%
EthLab S.r.l.	Via Dante, 78 – Trento	Euro	115.000	99,99%
Advanet Inc.(2)	Okayama (Giappone)	JPY	72.440.000	90,00% (1)

(1) The formal ownership percentage is 90%, but since Advanet itself owns treasury shares amounting to 10% of the share capital, it is 100% consolidated.

Subsidiary at estimated realisable value, since it is in liquidation				
Eurotech Finland Oy in liquidation	Helsinki (Finlandia)	Euro	508.431	100,00%

Affiliated companies consolidated at equity method		
Delos S.r.l. in liquidazione	Via Roberto Cozzi, 53 – Milano	40,00%
Chengdu Vantron Technology Inc.	Chengdu (Cina)	38,00%
eVS embedded Vision Systems S.r.l.	Ca' Vignal2, Strada Le Grazie 15 – Verona	32,00%
Emilab S.r.l.	Via Jacopo Linussio, 1 – Amaro (UD)	24,82%
Rotowi Technologies S.p.A. in liquidazione (ex U.T.R.I. S.p.A.)	Via del Follatolo, 12 – Trieste	21,31%

The main changes with regard to subsidiaries and affiliates compared with 31 December 2011 are as follows:

- On 3 January 2012 the affiliate Isidory LLC, already placed in liquidation, terminated operations.
- On 9 January 2012 the affiliate U.T.R.I. S.p.A. changed its name to Rotowi Technologies S.p.A. and was placed in liquidation.

The following table provides information on the exchange rates used to translate foreign companies' financial statements into the Eurotech Group's presentation currency (the euro). The rates correspond to those released by the Italian Foreign Exchange Bureau (Ufficio Italiano Cambi).

Currency	Average 6Months 2012	As of June 30, 2012	Average at 2011	As of December 31, 2011	Average 6Months 2011	As of June 30, 2011
British pound sterling	0.82252	0.80680	0.86788	0.83530	0.86818	0.90255
Japanese Yen	103.31024	100.13000	110.95860	100.20000	114.96992	116.25000
USA Dollar	1.29647	1.25900	1.39196	1.29390	1.40325	1.44530

D – Segment reporting

The Group is divided into NanoPC and HPC business segments for reporting purposes. In view of the cyclicality typical of our clients in the HPC segment and its current low contribution to total Group turnover, we have chosen to provide disclosure only for the NanoPC segment, divided into regions according to the various Group entities and monitoring by senior management.
The Group's regions in the NanoPC segment are defined according to the location of Group assets and operations. These regions are: Europe, North America and Asia.
Management monitors the EBIT of the individual business units separately for the purposes of resources allocation and performance assessment.

Business segments

The following table shows revenue data, based on Group results, for the half-years to 30 June 2012 and 30 June 2011 respectively.

(€'000)	NanoPC			High Performance Computer			Total		
	1H 2012	1H 2011	%YoY Chg	1H 2012	1H 2011	%YoY Chg	1H 2012	1H 2011	%YoY Chg
Sales and service revenue by segment									
Sales and service revenue by segment	41,056	40,554	1.2%	1,120	610	83.6%	42,176	41,164	2.5%
Ebitda by segment	(134)	(446)	70.0%	(291)	(152)	91.4%	(425)	(598)	28.9%
Ebit by segment	(3,596)	(3,907)	-8.0%	(606)	(425)	-42.6%	(4,202)	(4,332)	3.0%
Total EBIT							(4,202)	(4,332)	3.0%
Net finance income (expense)							(519)	(898)	42.2%
Shares of associates' profit (loss)	(32)	(139)					(32)	(139)	77.0%
Profit before tax of continuing operations							(4,753)	(5,369)	11.5%
Income tax							305	(40)	862.5%
Net profit (loss)							(4,448)	(5,409)	17.8%

The breakdown of revenues for the NanoPC segment is as follows:

(€' 000)	North America			Europe			Asia			Correction, reversal and elimination			Total		
	1H 2012	1H 2011	%YoY Change	1H 2012	1H 2011	%YoY Change	1H 2012	1H 2011	%YoY Change	1H 2012	1H 2011	%YoY Change	1H 2012	1H 2011	%YoY Change
Third party Sales	18,325	16,403		9,597	12,105		13,134	12,046		0	0		41,056	40,554	
Infra-sector Sales	1,124	994		3,321	3,926		38	157		(4,483)	(5,077)		0	0	
Total Sales revenues	19,449	17,397	11.8%	12,918	16,031	-19.4%	13,172	12,203	7.9%	(4,483)	(5,077)	11.7%	41,056	40,554	1.2%

The table below shows assets and investments in the Group's individual business segments at 30 June 2012 and 31 December 2011.

(€'000)	NanoPC		High Performance Computer		Total	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011	30.06.2012	31.12.2011
Assets and liabilites						
Segment assets	188,828	200,203	4,579	4,444	193,407	204,647
Investments in subsidiaries non consolidated, associate & other companies	621	548	0	0	621	548
Unallocated assets					470	938
Total assets	**189,449**	**200,751**	**4,579**	**4,444**	**194,498**	**206,133**
Segment liabilities	58,701	68,118	3,739	2,972	62,440	71,090
Unallocated liabiities					0	0
Total liabilities	**58,701**	**68,118**	**3,739**	**2,972**	**62,440**	**71,090**
Other segment information						
Investments in tangible assets	520	820	0	0	520	820
Investments in intangible assets	2,402	2,428	22	453	2,424	2,881
Depreciation & amortisation	7,650	7,449	315	516	7,965	7,965

Segment assets at 30 June 2012 do not include investments in unconsolidated subsidiaries, affiliates and other companies (€0.6 million) and the current income taxes of the Parent Company (€0.5 million)

Assets and investments in the NanoPC segment by region are shown in the table below:

(€' 000)	North America		Europe		Asia		Correction, reversal and elimination		Total	
	1H 2012	31.12.2011	1H 2012	31.12.2011	1H 2012	31.12.2011	1H 2012	31.12.2011	1H 2012	31.12.2011
Activities by sector	58,613	64,726	57,389	61,118	116,534	118,697	(43,708)	(44,338)	188,828	200,203
Investments	2,339	2,301	166	618	417	329	0	0	2,922	3,248

E – Breakdown of main balance sheet items

1 – Intangible assets

The following table shows the changes in the historical cost and accumulated amortisation of intangible assets in the reporting period:

(€ '000)	DEVELOPMENT COSTS	GOODWILL	SOFTWARE TRADEMARKS PATENTS	ASSETS UNDER CONSTRUCTION & ADVANCES	OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS
Purchase or production cost	12,509	88,908	27,130	3,411	40,250	172,208
Previous years' impairment	(836)	(641)	(11,462)	(96)	-	(13,035)
Previous years' amortisation	(8,644)	(166)	(4,549)	-	(19,892)	(33,251)
OPENING BALANCE	3,029	88,101	11,119	3,315	20,358	125,922
Purchases	166	-	1,282	965	11	2,424
Other changes	(1,269)	903	398	2	222	256
Transfers	384	-	-	(384)	-	-
Amortisation in period	(911)	-	(333)	-	(1,883)	(3,127)
Other changes in cumulative impairment	66	-	(349)	74	-	(209)
Other changes in cumulative amortisation	1,261	-	(71)	-	(183)	1,007
TOTAL CHANGES	(303)	903	927	657	(1,833)	351
Purchase or production costs	11,790	89,811	28,810	3,994	40,483	174,888
Impairment	(770)	(641)	(11,811)	(22)	-	(13,244)
Cumulative amortisation	(8,294)	(166)	(4,953)	-	(21,958)	(35,371)
CLOSING BALANCE	2,726	89,004	12,046	3,972	18,525	126,273

The increase of €0.35 million is attributable to a combination of new investments totalling €2.42 million, a forex effect of €1.05 million and amortisation of €3.13 million registered in the first half-year. The total value went from €125.92 million last year to €126.27 million in the first half of 2012.

The investments made in the first six months mainly related to Group development projects for new products and the acquisition of know-how from Isidorey (which has been placed in liquidation) relating to the new Cloud computing technology developed internally by this associate company.

Other changes, other changes cumulative write-downs and other changes cumulative amortisation refer to exchange rate differences accrued on the initial balances of values expressed in foreign currency, and specifically to goodwill and other intangible assets. The latter item includes the value of customer relationships defined at the time of purchase price allocation.

Goodwill refers to the higher value paid, when fully consolidated subsidiaries were acquired, in excess of the fair value of the assets and liabilities acquired. As of 1 January 2004, goodwill is no longer been amortised and is tested at least annually for impairment.

For the purposes of annual impairment testing, the individual goodwill items and assets with indefinite and definite useful life recorded, purchased through business combinations, were allocated to the respective cash generating units (CGUs) corresponding to the legal entity or group of companies to which reference is made to test for impairment.

The carrying value of goodwill and trademarks with an indefinite useful life allocated to each of the CGUs is shown below:

Cash generating units	at June 30, 2012		at December 31, 2011	
	Goodwill	Trademark with an indefinite useful life	Goodwill	Trademark with an indefinite useful life
Advanet Group	55,695	10,576	55,656	10,568
Eurotech Inc. (ex Applied Data Systems e ex Arcom Inc.)	25,277	-	24,598	-
Eurotech Ltd. (ex Arcom Ltd.)	5,413	-	5,228	-
Eurotech France S.a.s.	1,051	-	1,051	-
Parvus Corp.	1,478	-	1,478	-
Other	90	-	90	-
TOTAL	89,004	10,576	88,101	10,568

The change in the carrying value of the Advanet Group, Eurotech Inc. and Eurotech Ltd. is due to the fact that the amounts concerned are expressed in the foreign operations' functional currency and consequently converted at each balance sheet date using the rate in force at that date.

In order to test for impairment of goodwill and other intangible assets with a definite useful life, at 30 June 2012 the Group updated the assessments carried out at 31 December 2011, in which it was supported by independent experts.
The final figures for the first half of 2012 were compared with the forecasts for the current year and with the results of the original 2012 budget. This analysis shows that, as the situation stands, the business and financial forecasts for the financial year 2012 contained in the business-financial plans for 2012-2014 and used for impairment testing at 31 December 2011 hold good, and the relative amounts booked for goodwill and trademarks with an indefinite useful life are therefore still recoverable based on value in use.

Specifically, in the case of Eurotech Inc., no indicators emerged from the comparison between the results of the US subsidiary at 30 June 2012 and the budget forecasts, or from the analysis of the value and profitability of the existing order backlog and the current market conditions in which the CGU operates, that suggested a need to repeat a full impairment test. Management will continue to carry out monthly tests of the CGU's performance, and, if there are signs of significant impairment during the second half-year, will undertake the necessary assessments required by the relevant accounting standards.

Generally, the Directors also assumed in their assessments (as they did at 31 December 2011) that, although some external and internal indicators (particularly the performance of the Eurotech share and the Group's non-positive operating result) might signal net asset impairment, there was currently no need to carry out any write-downs. They believe that the market performance reflects the international economic situation, and the performance of the Eurotech index did not vary significantly during 2011 compare to the performance of the index for the sector in which Eurotech operates. Related to the internal indicators, the Group's overall operating result reflects a trend that was in part forecasted for the first half of 2012, expected to be reversed in the second half-year and a combination of the operating results of the individual entities do not allow for a full and exhaustive reading of the final figures for the CGUs to which goodwill and assets with an indefinite useful life are allocated. Future developments at the Eurotech group and expectations for the coming years based on existing orders, stakeholder relations and products currently in the portfolio, as well as products developed, particularly in recent years, are regarded by the Directors as important factors in support of their decision not to change the values posted.

2 – Property, plant and equipment

The table below shows changes in the historical cost and accumulated depreciation and the value of the assets in the period under review:

(€ '000)	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL & COMMERCIAL EQUIPMENT	OTHER ASSETS	ASSETS UNDER CONSTRUCTION & ADVANCES	LEASED ASSETS	TOTAL PROPERTY, PLANT & EQUIPMENT
Purchse of production cost	790	7,819	5,071	6,205	5	935	20,825
Previous year's depreciation	(99)	(6,164)	(4,288)	(4,112)	-	(265)	(14,928)
OPENING BALANCE	**691**	**1,655**	**783**	**2,093**	**5**	**670**	**5,897**
Purchases	-	76	90	76	-	278	520
Disposals	-	(5)	(5)	(45)	-	-	(55)
Decreases due to change in consolidation area	-	(12)	-	(22)			(34)
Other changes	-	4	39	(60)	-	-	(17)
Transfers	-	-	(2)	2	-	-	-
Depreciation in period	(8)	(170)	(173)	(282)	-	(17)	(650)
Reversal of cumulative depreciation	-	4	2	33	-	-	39
Transfers amortisation	-	-	2	(2)	-	-	-
amortisation due to changes in consolidation area	-	10	-	19	-	-	29
Other changes in cumulative amortisation	-	4	(39)	(49)	-	-	(84)
TOTAL CHANGES	**(8)**	**(89)**	**(86)**	**(330)**	**-**	**261**	**(252)**
Purchase or production cost	790	7,882	5,193	6,156	5	1,213	21,239
Cumulative depreciation	(107)	(6,316)	(4,496)	(4,393)	-	(282)	(15,594)
CLOSING BALANCE	**683**	**1,566**	**697**	**1,763**	**5**	**931**	**5,645**

The other changes item, which refers both to cost and to the related cumulative depreciation, concerns the different exchange rates at which foreign entities' values were converted at 30 June 2012 compared with those applied at 31 December 2011.
Purchases made in the half-year related mainly to computers, office equipment and industrial equipment.

Fixed assets under lease refers, for €657 thousand, to assets subject to lease agreements, which are booked using the financial methods and relate exclusively to the land and buildings in Amaro (UD), the Parent Company's production site, and, for €274 thousand, to a moulding machine purchased during the period by Japanese subsidiary Advanet.

3 – Investments in affiliates and other companies

The table below shows changes in investments in unconsolidated subsidiaries, affiliates and other companies in the reporting period:

	at June 30, 2012						
(€'000)	INITIAL VALUE	INCREASES	DECREASES	WRITE-UPS /WRITE-DOWN	OTHER	EOP VALUE	%OWNERSHIP
Investments in non-consolidated subsidiaries:							
Eurotech Finland Oy	0	-	-	(42)	93	51	100.00%
TOTAL INVESTMENTS IN SUBSIDIARIES NOT CONSOLIDATED	**-**	**-**	**-**	**(42)**	**93**	**51**	
Investments in associate companies:							
Chengdu Vantron Technology Inc.	189	-	-	-	16	205	38.00%
Delos S.r.l. in liquidazione	21	-	-	-	-	21	40.00%
Emilab S.r.l.	60	-	-	10	-	70	24.82%
eVS embedded Vision Systems S.r.l.	8	-	-	-	-	8	32.00%
TOTAL INVESTMENTS IN ASSOCIATE COMPANIES	**278**	**-**	**-**	**10**	**16**	**304**	
Investments in other companies:							
Cosint	2	-	-	-	1	3	
ALC Consortium	3	-	-	-		3	
Consorzio Ecor' IT	2	-	-	-	-	2	
Consorzio Aeneas	5	-	-	-	-	5	
Inasset S.r.l.	44	-	-	-	-	44	2.91%
Veneto Nanotech S.p.a.	10	-	(10)	-	-	-	
Kairos Autonomi	202	-	-	-	6	208	19.00%
Others	2	-	-	-	(1)	1	
TOTAL INVESTMENTS IN OTHER COMPANIES	**270**	**-**	**(10)**	**-**	**6**	**266**	

Eurotech company Finland Oy, which has been placed in liquidation, has been deconsolidated since 1 January 2012 and has been valued at its estimated realisable value, which corresponds to equity.

The write-ups/write-downs item relates to application of the equity accounting method to investments in affiliates.

Other changes relate to the difference in the exchange rate used to convert the values of the equity investments at 30 June 2012 compared with the rate applied at 31 December 2011.

Eurotech owns the following equity investments in affiliates to which the equity accounting method is applied:
- Chengdu Vantron Technology = 38%, following the purchase of shares in 2007 and a sale of shares in December 2009, 2010 and 2011;
- Emilab Srl = 24.82%, created in 1998;
- Delos Srl = 40%, created during the first half of 2005 and placed in liquidation in July 2010;
- eVS embedded Vision Systems Srl = 32%, created in the first half of 2007;
- Rotowi Technologies S.p.A. in liquidation (ex UTRI S.p.A.) = 21.32%, following a capital increase and the purchase of shares in 2007 and 2008.

4 - Inventories

The following table shows the inventory breakdown at the end of the periods under review:

(€'000)	at June 30, 2012	at December 31, 2011
Raw & auxiliary materials and consumables - gross	9,181	6,954
Inventory write-down provision	(1,052)	(928)
Raw & auxiliary materials and consumables - net	**8,129**	**6,026**
Work in process and semi-finished goods - gross	5,209	9,185
Inventory write-down provision	(2)	(24)
Work in process and semi-finished goods	**5,207**	**9,161**
Finished poducts and goods for resale - gross	9,488	9,364
Inventory write-down provision	(1,202)	(1,012)
Finished products and goods for resale - net	**8,286**	**8,352**
Advances	**93**	**224**
TOTAL INVENTORIES	**21,715**	**23,763**

Inventories at 30 June 2011 amounted to €21.72 million, net of inventory impairment totalling €2.26 million. The value of inventories was down compared with the end of the full-year 2011 due to more efficient management by the individual Group companies.

5 – Work in progress

The following table shows information relating to work in progress at the reporting date:

(€'000)	at June 30, 2012	at December 31, 2011
Contract revenues recognised as revenue in the period	1,102	2,690
Contract costs borne as at balance-sheet date	778	1,873
Profits recognised as at balance-sheet date	**324**	**817**
Down payments received	661	862
Gross amount owed to customer for contractual work	0	0
Gross amount owed by customer for contractual work	1,354	2,684
Contract costs and proits recognised as at balance-sheet date	1,102	2,690
Revenues recognised in previous periods	2,356	1,944
Billing based on completion status	2,005	2,278
Gross amount owed by customer for contractual work	**1,453**	**2,356**
Gross amount owed to customer for contractual work	-	-

6 – Trade receivables

The table below shows the breakdown of trade receivables and the respective adjustment provisions at 31 December 2011 and at 30 June 2012:

(€'000)	at June 30, 2012	at December 31, 2011
Trade receivables - customers	23,646	27,811
Doubtful debt provision	(1,293)	(1,087)
TOTAL TRADE RECEIVABLES	22,353	26,724

Note that, at the reporting date, the Group did not present significant concentrations of credit risk. It is believed that these receivables are collectable within next financial year. Trade receivables are non-interest bearing and generally fall due within 90-120 days.

Trade receivables, including the relative doubtful debt provision, decreased by €4.17 million compared with 31 December 2011. The decrease was mainly due to regular as-due payment of trade receivables, as well as to the different distribution of turnover in the half-year compared with the usual situation in the final months of the year.
The receivables include approximately €0.3 million in bank receipts presented subject to collection, but not yet due at the end of the period.

No transactions to sell receivables have been entered into during 2012.

Receivables are shown net of doubtful debt provision of €1.29 million. The net increase in the period was €0.21 million, due to the combined effect of €0.28 million in allocations in the period to adjust, individually, the amounts of the receivables to their presumed realisable value, and the difference for the different exchange rate used. There were no utilisations of the provision in the half-year. The Group's policy is in fact to specifically identify receivables to be written down, meaning that provisioning posted reflects specific write-downs.

7 – Tax receivables and payables

Income tax receivables represent receivables from individual governments for direct taxation (IRES and income taxes in various countries) which should be recovered within the next year, as well as receivables for withholdings made by the US companies following payment of interest charges on infragroup loans and dividends distributed to the Parent Company.

Income tax payables are made up of current taxes relating to the period yet to be liquidated, and represent the amounts that the individual companies must pay to the tax authorities of the respective countries. These payables are calculated according to the tax rates currently in force in each country. Foreign tax payables were €649 thousand (€1,627 thousand in 2011), while Italian tax payables were €102 thousand (€104 thousand in 2011).

8 – Other current assets

The table below shows the breakdown of other current assets at 31 December 2011 and 30 June 2012:

(€'000)	at June 30, 2012	at December 31, 2011
Amounts receivable for grants	200	201
Advance payments to suppliers	322	116
Tax receivables	900	1,124
Other receivables	38	48
Accrued income and prepaid expenses	1,039	1,080
TOTAL OTHER CURRENT ASSETS	2,499	2,569

Tax receivables mainly consist of receivables for indirect (VAT) taxation. VAT receivables do not bear interest and are generally settled with the competent tax authority on a monthly basis.

9 – Current financial assets

The amount of €100 thousand relates to the purchase of 2,500 shares of Veneto Banca Holding Scarl, acquired at the end of June 2012. These assets were classed as financial assets recognised at fair value through profit or loss.

10 – Cash & cash equivalents

The table below shows the breakdown of cash and cash equivalents at 31 December 2011 and 30 June 2012:

(€'000)	at June 30, 2012	at December 31, 2011
Bank and post office deposits	10,819	13,571
Cash and valuables in hand	33	25
TOTAL CASH & CASH EQUIVALENTS	10,852	13,596

Bank deposits are mostly on demand and are remunerated at a variable rate of interest. The fair value of cash and cash equivalents was €10.85 million (€13.60 million at 31 December 2011). The item includes the amount of €0.22 million (€0.22 million at 31 December 2011) in relation to the escrow deposit relating to the outstanding amount booked under other payables to the former owners of Dynatem Inc..

Cash and cash equivalents decreased by €2.74 million compared with 31 December 2011, due mainly to the payment of instalments on loans falling due during the first half-year and investments in tangible and intangible assets made in the period. Operations, meanwhile, registered a slightly positive cash flow.

11 – Net financial position

The Group's net financial position is shown below:

(€'000)		at June 30, 2012	at December 31, 2011
Cash & cash equivalents	A	(10,852)	(13,596)
Cash equivalent	**B=A**	**(10,852)**	**(13,596)**
Short term borrowing allowed to affiliates companies	C	0	(178)
Other current financial assets	D	(100)	0
Derivative instruments	E	375	376
Short-term borrowing	F	12,082	17,253
Business aggregation liabilities	G	222	216
Short-term financial position	**H=C+D+E+F+G**	**12,579**	**17,667**
Short-term net financial position	**I=B+H**	**1,727**	**4,071**
Medium/long term borrowing allowed to affiliates companies	J	0	0
Other non current financial assets	K	(186)	(226)
Medium/long term borrowing	L	14,123	10,482
Medium-/long-term net financial position	**M=J+K+L**	**13,937**	**10,256**
(NET FINANCIAL POSITION) NET DEBT	**N=I+M**	**15,664**	**14,327**

12 – Equity

The table below shows the breakdown of shareholders' equity at 31 December 2011 and 30 June 2012:

(€'000)	at June 30, 2012	at December 31, 2011
Share capital	8,879	8,879
Share premium reserve	136,400	136,400
Other reserves	(13,221)	(10,236)
Group shareholders' equity	**132,058**	**135,043**
Equity attributable to minority interest	**0**	**0**
Total shareholders' equity	**132,058**	**135,043**

The share capital at 30 June 2012 was made up of 35,515,784 ordinary shares, wholly subscribed and paid up, with no nominal value.

The balance of the issuer's legal reserve at 30 June 2012 amounted to €39 thousand and was formed by earnings allocated until the financial year (FY) that ended on 31 December 2005.

The share premium reserve, which relates entirely to the Parent Company, was booked for a total amount of €136.4 million.

The positive translation reserve of €35.39 million is generated by inclusion in the condensed consolidated half-year financial statements of the balance sheets and income statements of US subsidiaries Parvus Corp., Eurotech Inc. and E-Tech USA Inc., as well as of UK subsidiary Eurotech Ltd. and Japanese subsidiary owned by Advanet Inc..

The other reserves item was negative for €42.93 million and comprised the Parent Company's surplus reserve, formed by losses carried forward, allocations of retained earnings from prior years and other reserves of miscellaneous origin.

The cash flow hedge reserve, which includes cash flow hedge transactions pursuant to IAS 39, was negative for €375 thousand and decreased by €1 thousand gross of the tax effect, which was not recognised due to absence of the relative prerequisites.
The foreign exchange reserve, in which – pursuant to IAS 21 – forex differences on infragroup foreign-currency loans that constitute part of a net investment in foreign operations are recognised, was positive for €448 thousand and increased by €572 thousand gross of the related tax effect, and was again not recorded due to the absence of the relative prerequisites.

At the end of the reporting period the Parent Company, Eurotech SpA, held 420,140 treasury shares. Their number remained unchanged compared with 31 December 2011 and the shares had no effect either on the income statement or on equity.

13 – Basic and diluted earnings per share

Basic earnings (loss) per share (EPS) is calculated by dividing the income of the reporting period pertaining to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the reporting period, net of treasury shares.

During the periods under comparison, no capital transactions took place leading to EPS dilution.

The table below shows the earnings and information on the shares used to calculate base and diluted EPS.

	at June 30, 2012	at June 30, 2011
Net income (loss) attributable to parent company shareholders	(4,448,000)	(5,409,000)
Weighted average number of ordinary shares including own shares	35,515,784	35,515,784
Own shares	(420,140)	(420,140)
Weighted average number of ordinary shares except own shares	35,095,644	35,095,644
Net income (loss):		
- per share	(0.127)	(0.154)
- per share diluted	(0.127)	(0.154)

14 – Borrowings

The following table shows the breakdown of short- and medium-/long-term borrowings at 30 June 2012:

LENDER	COMPANY	BALANCE ON 31.12.2011	BALANCE ON 30.06.2012	SHORT TERM within 12 months	Total Medium and long-term	Mid term Over 12 months	Long term Over 5 years
CURRENT OUTSTANDINGS - (a)		4,878	4,032	4,032	-	-	-
Factoring	Eurotech S.p.A.	-	1,941	1,941	-	-	-
Finance Lease	Eurotech S.p.A.	232	178	178	-	-	-
Finance Lease	I.P.S. Sist.Progr. S.r.l.	22	16	12	4	4	-
Finance Lease	Advanet Inc.	-	275	51	224	224	-
Anvar	Eurotech France	565	465	-	465	465	-
TOTAL OTHER FINANCINGS		819	2,875	2,182	693	693	-
Banca Pop. Friuladria	Eurotech S.p.A.	5,000	4,000	2,000	2,000	2,000	-
Total Credit Agricole		***5,000***	***4,000***	***2,000***	***2,000***	***2,000***	***-***
Veneto Banca	Eurotech S.p.A.	-	-	-	-	-	-
Veneto Banca	Eurotech S.p.A.	256	-	-	-	-	-
Total Veneto Banca		***256***	***-***	***-***	***-***	***-***	***-***
Cassa di Risparmio del FVG	Eurotech S.p.A.	7,000	6,500	1,500	5,000	5,000	-
Total Gruppo INTESA - SAN PAOLO		***7,000***	***6,500***	***1,500***	***5,000***	***5,000***	***-***
The Chugoku Bank Ltd	Advanet Inc.	998	999	330	669	669	-
Total The Chugoku Bank Ltd		***998***	***999***	***330***	***669***	***669***	***-***
Cassa Rurale della Valle dei Laghi	EthLab S.r.l.	351	329	43	286	185	101
Total Credito Coperativo Banks		***351***	***329***	***43***	***286***	***185***	***101***
Unicredit	EthLab S.r.l.	43	23	23	-	-	-
Unicredit	Eurotech S.p.A.	8,390	7,447	1,972	5,475	5,475	-
Total Gruppo Unicredit		***8,433***	***7,470***	***1,995***	***5,475***	***5,475***	***-***
TOTAL BANK DEBT - (c)		22,038	19,298	5,868	13,430	13,329	101
TOTAL OTHER FINANCING AND BANK DEBT - [(b) + (c)]		22,857	22,173	8,050	14,123	14,022	101
TOTAL DEBT - [(a) + (b) + (c)]		27,735	26,205	12,082	14,123	14,022	101

A new loan was contracted during the first half of 2012 for €1 million, while medium-/long-term portions of loans falling due were paid in the amount of €3.9 million.

15 – Trade payables

The table below shows the breakdown of trade payables at 31 December 2011 and 30 June 2012:

(€'000)	at June 30, 2012	at December 31, 2011
Third parties	12,584	18,339
Affiliate companies	147	49
TOTAL TRADE PAYABLES	**12,731**	**18,388**

Trade payables at 30 June 2012 came to €12.73 million, decreasing by €5.66 million compared with 31 December 2011. Trade payables are non-interest bearing and, on average, are settled 90-120 days after invoice date.

16 – Other current liabilities

The table below shows the breakdown of other current liabilities at 31 December 2011 and 30 June 2012:

(€'000)	at June 30, 2012	at December 31, 2011
Social contributions	561	588
Other	3,383	3,990
Advances from customers	1,391	994
Other tax liabilities	330	272
Gross amount owed to customer for contractual work	661	862
Accrued expanses	797	523
TOTAL OTHER CURRENT LIABILITIES	**7,123**	**7,229**

Other payables

Other payables include amounts payable to employees for salaries as well as for holidays and paid leaves of absence accruing and not taken by employees at the reporting dates.

F – Breakdown of key income statement items

17 – Costs of raw & auxiliary materials and consumables used

(€'000)	1H2012	1H2011
Purchases of raw materials, semi-finished and finished products	19,180	23,432
Changes in inventories of raw materials	340	1,279
Change in inventories of semi-finished and finished products	1,928	(4,738)
TOTAL COST OF MATERIALS	**21,448**	**19,973**

Costs of raw & auxiliary materials and consumables used increased by 7.4% in the reporting period, from €19.97 million in the first half of 2011 to €21.45 million in the first half of 2012. As well as the forex effect, the increase reflects a higher proportion of the cost of goods sold than in the previous period.

18 – Other operating costs net of cost adjustments

(€'000)	1H 2012	1H 2011
Service costs	7,371	7,973
Rent and leases	1,146	1,185
Payroll	13,154	12,847
Accruals and other costs	681	900
Cost adjustments for in-house generation of non-current assets	(1,100)	(999)
Operating costs net of cost adjustments	**21,252**	**21,906**

The other operating costs item in the table above, net of cost adjustments for internal increases, rose from €21.91 million in the first half of 2011 to €21.25 million in the first half of 2012.

19 – Service costs

(€'000)	1H 2012	1H 2011
Industrial services	2,192	2,587
Commercial services	1,582	2,110
General and administrative costs	3,597	3,276
Total costs of services	**7,371**	**7,973**

In the periods under review, service costs decreased by 7.6%, from €7.97 million to €7.37 million. This was partly due to the cost-cutting policy.

20 – Payroll costs

(€'000)	1H 2012	1H 2011
Wages, salaries, and Social Security	12,897	12,627
Severance indemnities	160	159
Retirement benefit and similar obligations	0	6
Other costs	97	55
Total cost of personnel	**13,154**	**12,847**

Payroll costs in euros in the reporting period show an increase, but this does not reflect the trend in payroll costs in local currency. The comparison of values in foreign currency demonstrates the results of the efficiency measures carried out in 2010 and 2011, and more recently in 2012.

As the following table shows, the number of Group employees decreased at the end of the periods under review, from 492 in the first half of 2011 to 429 in the first half of 2012, with a decrease of 34 compared with 31 December 2011.

Employees	at June 30, 2012	at December 31, 2011	at June 30, 2011
Manager	16	20	23
Clerical w orkers	351	367	378
Line w orkers	62	76	91
TOTAL	**429**	**463**	**492**

21 – Cost adjustments for internally generated non-current assets

At 30 June 2012, cost adjustments for internally generated non-current assets amounted to €1,100 thousand (compared with €999 thousand at 30 June 2011). The item refers entirely to capitalisation of costs for internal staff, materials and services incurred for some new-product development projects in the fields of computers, systems, NanoPC modules and HPCs. More specifically, if these costs had been deducted from the corresponding income statement item, there would have been a reduction of €93 thousand in materials costs (€165 thousand at 30 June 2011), €791 thousand in payroll costs (€656 thousand at 30 June 2011) and €216 thousand in service costs (€178 thousand at 30 June 2011).

22 – Other revenues

(€'000)	1H 2012	1H 2011
Government grants	18	0
Sundry revenues	81	117
Total other revenues	**99**	**117**

Grants for the 2012 half-year refer mainly to funding for employee training activities.

23 – Amortisation, depreciation and write-downs

(€'000)	1H 2012	1H 2011
Amortisation of intangile assets	3,127	2,840
Amortisation of property, plant and equipment	650	894
Total amortisation and depreciation	**3,777**	**3,734**

The value of amortisation, depreciation and write-downs was largely unchanged at €3.78 million in the first half of 2012 compared with €3.73 million in the first half of 2011.
Amortisation relating to PPA relates exclusively to customer relationships (€1.88 million, compared with €1.62 million at 30 June 2011).
There were no write-downs of fixed assets during the half-year.

24 – Financial charges and income

The results of the Group's financial management are summarised below:

(€'000)	1H 2012	1H 2011
Exchange-rate losses	1,430	3,007
Interest expenses	529	430
Expenses on derivatives	72	137
Other finance expenses	36	24
Financial charges	**2,067**	**3,598**

(€'000)	1H 2012	1H 2011
Exchange-rate gains	1,522	2,644
Interest income	19	43
Other finance income	7	13
Financial incomes	**1,548**	**2,700**

The increase in interest expenses is due to higher Group debt at 30 June 2012 compared with the same period a year earlier. The reduction in interest income was due to a decrease in available cash and a lower lending rate on deposits. The difference between exchange rate losses and gains was positive for €92 thousand, compared with a net negative effect of €363 thousand at 30 June 2011.

25 – Income tax for the period

Income taxes for the period ended 30 June 2012 totalled €305 thousand (of which €614 thousand for current taxes and €919 thousand for net deferred tax assets), compared with a total tax charge of €40 thousand at 30 June 2011 (of which €275 thousand for current taxes and €235 thousand for net deferred tax assets), representing an increase of €345 thousand.

(€'000)	1H 2012	1H 2011
IRES (Italian corporate income tax)	0	68
IRAP (Italian Regional business tax)	16	0
Foreign current income taxes	598	207
Total current income tax	**614**	**275**
Net (prepaid) deferred taxes: Italy	(254)	1
Net (prepaid) deferred taxes: Non-italian	(665)	(236)
Net (prepaid) deferred taxes	**(919)**	**(235)**
TOTAL INCOME TAXES	**(305)**	**40**

Deferred tax assets amounted to €1.42 million at 30 June 2012 (€1.44 million at 31 December 2011).
The provision for deferred tax totalled €11.47 million at 30 June 2012 (€12.11 million at 31 December 2011). The decrease mainly reflects the forex effect on values expressed in USD and JPY and relating to the PPA values.

G – Other information

26 – Related-party transactions

The condensed half-year consolidated financial statements include the half-year financial statements of Eurotech SpA and the half-year accounts of the subsidiaries shown in the following table:

Name	Location	%of ownership 30.06.2012	%of ownership 31.12.2011
Subsidiaries			
Parvus Corp.	United States	100.00%	100.00%
I.P.S. Sistemi Programmabili S.r.l.	Italy	100.00%	100.00%
ETH Lab S.r.l.	Italy	99.99%	99.99%
Eurotech Finland Oy (2)	Finland	100.00%	100.00%
Eurotech France S.A.S.	France	100.00%	100.00%
Eurotech Ltd.	UK	100.00%	100.00%
E-Tech Inc.	United States	100.00%	100.00%
Eurotech Inc.	United States	100.00%	100.00%
ETH Devices S.r.o.	Slovakia	100.00%	100.00%
Saee S.r.l.	Italy	100.00%	100.00%
Dynatem Inc.	USA	100.00%	100.00%
Advanet Inc.	Japan	90,00% (1)	90,00% (1)
Affiliated companies			
Chengdu Vantron Technologies Inc.	China	38.00%	38.00%
Delos S.r.l. (2)	Italy	40.00%	40.00%
Isidorey Llc. (2)	United States	-	40.00%
eVS embedded Vision Systems S.r.l.	Italy	32.00%	32.00%
Emilab S.r.l.	Italy	24.82%	24.82%
Rotowi Technologies S.p.A. in liquidation (ex U.T.R.I. S.p.A.)	Italy	21.32%	21.32%

(1) The percentage of formal possession is 90%, but due to the possession by Advanet of 10% of the share capital in the form of treasury shares, it is fully consolidated

(2) Company in liquidation

Below we present related-party transactions not derecognised during consolidation, and compensation accrued in the period for Directors and Statutory Auditors for offices held in Eurotech SpA and in other consolidated companies, pursuant to Article 78 of Consob Regulation 11971/1999 as subsequently amended.

RELATED PARTIES	Revenues to related parties	Interest to related parties	Purchases from related parties	Financial receivables to related parties	Receivables from related parties	Payables from related parties
Associated companies						
Chengdu Vantron Technology Inc	-	-	166	-	-	107
Emilab S.r.l.	-	-	-	-	-	19
eVS embedded Vision Systems S.r.l.	-	-	-	-	-	21
Total	**-**	**-**	**166**	**-**	**-**	**147**
Other related parties						
Wulfenia	-	-	9	-	-	5
Finmeccanica Group	2,471	-	13	-	2,044	21
Kairos Autonomi	-	6	-	-	-	-
Total	**2,471**	**6**	**22**	**-**	**2,044**	**26**

Name	Nomination	Expiration	at June 30, 2012 Fees for the appointment	Other fees	Benefits	Bonus
Siagri Roberto	President	In charge up to 31.12.2013 financials approval	165	5	2	-
Tecchiolli Giampietro	Vice President - Director	In charge up to 31.12.2013 financials approval	111	5	3	-
Barazza Sandro	Director	In charge up to 31.12.2013 financials approval	5	61	3	-
Bertolone Giovanni	Director	In charge up to 31.12.2013 financials approval	5	-	-	-
Grasso Giancarlo	Director from April 28, 2011	In charge up to 31.12.2013 financials approval	5	-	-	-
Mio Chiara	Director	In charge up to 31.12.2013 financials approval	12	-	-	-
Pedicchio Maria Cristina	Director	In charge up to 31.12.2013 financials approval	12	-	-	-
Pizzul Cesare	Director	In charge up to 31.12.2013 financials approval	12	-	-	-
Soccodato Giovanni	Director	In charge up to 31.12.2013 financials approval	5	-	-	-
Siciliotti Claudio	President of Board of Statutory Auditors	In charge up to 31.12.2013 financials approval	22	-	-	-
Cignolini Michela	Statutory Auditor	In charge up to 31.12.2013 financials approval	15	-	-	-
Pingaro Giuseppe	Statutory Auditor	In charge up to 31.12.2013 financials approval	15			
TOTAL			384	71	8	-

Lastly, the following is information on equity interests held in the company and its subsidiaries by members of the management and supervisory bodies, general managers and managers with strategic responsibilities, as well as by their spouses not legally separated and their minor children, directly or via companies controlled, trustee companies or via an interposed third party, as shown by the shareholder register, notifications received and other information acquired from the members of the management and supervisory bodies, general managers, and strategically accountable managers in compliance with the requirements of article 79 of Consob Regulation 11971/19 99 as subsequently amended and Annex 3C of the same regulation.

Nominativo		30.06.2012							
		Società partecipata	Titolo del possesso	Azioni possedute a inizio esercizio	Azioni acquisite nel periodo	Azioni cedute nel periodo	Azioni possedute a fine periodo	di cui azioni possedute a fine periodo indirettamente	
Siagri Roberto	Presidente del Consiglio di Amministrazione - Amministratore Delegato	Eurotech	Proprietà	2.500.531	-	-	2.500.531	1.040.371	
Tecchiolli Giampietro	Consigliere Amministratore Delegato	Eurotech	Proprietà	191.015	-	-	191.015	-	
Barazza Sandro	Consigliere	Eurotech	Proprietà	2.000	-		2.000	-	
Bertolone Giovanni	Consigliere	Eurotech	Proprietà	-	-	-	-	-	
Grasso Giancarlo	Consigliere	Eurotech	Proprietà	-	-	-	-	-	
Mio Chiara	Consigliere	Eurotech	Proprietà	-	-	-	-	-	
Pedicchio Maria Cristina	Consigliere	Eurotech	Proprietà	-	-	-	-	-	
Pizzul Cesare	Consigliere	Eurotech	Proprietà	-	-	-	-	-	
Soccodato Giovanni	Consigliere	Eurotech	Proprietà	-	-	-	-	-	
Siciliotti Claudio	Presidente del Collegio Sindacale	Eurotech	Proprietà	20.000		-	20.000	10.000	(*)
Cignolini Michela	Sindaco Effettivo	Eurotech	Proprietà	-	-	-	-	-	
Pingaro Giuseppe	Sindaco Effettivo	Eurotech	Proprietà	-	-	-	-	-	

(*) Le azioni sono possedute indirettamente attraverso la società Pronet S.r.l.

27 – Financial Risk Management: objectives and criteria

The Group’s financial instruments, other than derivative contracts, include bank loans in their various technical forms, finance leases, short-term and on-demand bank deposits, and trade payables. These instruments are intended to finance Group operations. The Group has several other receivable and payable financial instruments at its disposal, such as trade receivables arising from operations and liquidity. The Group also has derivative transactions in place, mainly interest rate swaps and collars. The objective is to manage interest rate risks caused by Group transactions and by its sources of finance.

In accordance with Group procedures, no speculative derivatives have been entered into.

The main risks generated by the Group’s financial instruments are interest rate risk, liquidity risk, foreign exchange risk, and credit risk. The Board of Directors has reviewed and agreed to the procedures for managing these risks, as summarised below.

Interest rate risk

Group exposure to the risk of interest rate fluctuations mainly involves medium-term obligations taken on by the Group, featuring variable interest rates linked to various indices. The Group entered into interest rate swap contracts during the half-year and in previous years (some of which still exist), which provide for recognition of a floating rate against payment of a fixed rate. The type of contract is designated to hedge changes in the interest rates in place on some loans. Group policy is to maintain between 30% and 60% of its loans at a fixed rate. As at 30 June 2012, not considering loans already in place with Japanese companies, for which the interest rate is limited, approximately 49% of Group loans had a fixed interest rate (in 2011 the percentage was 44%).

Exchange rate risk

In view of the significant investment transactions in the USA, Japan and the UK, with substantial foreign currency cash flows from business and financial operations, the Group's financial statements could be significantly affected by changes in the USD/EUR, JPY/EUR and GBP/EUR exchange rates. In the reporting period, no foreign exchange hedges were executed because of the uneven USD, GBP and JPY flows, particularly taking into account that the individual subsidiaries tend to operate in their respective functional currencies in their respective core markets.

About 82.9% of sales of goods and services (2011: 83.8%) and 75.2% (2011: 75.3%) of the cost of goods purchases and the operating costs of the Group are denominated in a different currency from the functional currency used by the Parent Company to draw up these condensed consolidated half-yearly financial statements.

Product and component price risk

Group exposure to price risk is not significant.

Credit risk

The Group trades only with known and reliable customers. The Group's policy is to check the creditworthiness grade of customers that request extended payment arrangements. In addition, the balance of receivables is monitored during the year so that the amount of non-performing positions is not significant. Only some receivables from major customers are insured due to the reduction in credit granted in recent years by insurance companies.
Financial assets are recognised in the financial statements net of write-downs calculated according to the risk of counterparty default, taking into account the information available on the customer's level of solvency and historical data.
There is no significant concentration of credit risk in the Group.
Credit risk concerning other Group financial assets, which include cash and equivalents and financial instruments, presents a maximum risk equal to the book value of these assets in the event of insolvency of the counterparty.

Liquidity risk

The objective of the Group is to strike a balance between maintenance of funds and flexibility through the use of overdrafts, loans, and finance leases, as well as via equity financing in the market.
Group policy states that no more than 40% of loans must fall due within 12 months.
At 30 June 2012, according to the balances reported in the financial statements, 36.3% of the Group's financial payables will fall due within one year (31.5% in 2011), based on the original plans.

Fair value hierarchy

All financial instruments carried at fair value are categorised in three categories, defined as follows:
Level 1: Quoted market prices
Level 2: Valuation techniques (market observable)
Level 3: Valuation techniques (not marketed observable)

At 30 June 2012 the Group held the following financial instruments measured at fair value:

(€'000)	Notional value at June 30, 2012	Fair valute at June 30, 2012 (debit)	Fair valute at June 30, 2012 (credit)	National value at December 31, 2011	Fair valute at December 31, 2011 (debit)	Fair valute at December 31, 2011 (credit)
Cash flow hedge						
Contracts Interest Rate Sw ap (IRS)	10,116	0	(375)	10,116	0	(376)

All the assets and liabilities measured at fair value at 30 June 2012 can be placed in the second fair value category. In addition, in the first half of 2012 there were no transfers from Level 1 to Level 2 or Level 3 or vice versa.

28 – Derivative instruments

Fair value

The book value and the fair value by category of all Group financial instruments booked in the financial statements do not show significant differences worth representing.
The fair value of derivatives and of loans obtained has been calculated by discounting expected cash flows to present value applying prevailing interest rates. The fair value of other financial assets has been calculated using market interest rates.

Interest rate risk

Interest on financial instruments classified as variable-rate instruments is recalculated periodically during the financial year. Interest on financial instruments classified as fixed-rate instruments is kept constant until the maturity date of the instruments concerned.

Hedging

Cash flow hedges

At 30 June 2012, the Group held three IRS contracts (for a notional value of €8.1 million) signed during the past years and designated as interest rate hedging instruments.

	Due date	*Fixed rate*	*Floating rate*	*Market value (€'000)*
Interest rate swap contracts				
EUR 1,142,858	30.06.14	2.21%	Euribor 6 month	(20)
EUR 3,250,000	31.12.15	2.52%	Euribor 6 month	(111)
EUR 3,723,590	30.12.15	4.08%	Euribor 6 month	(244)

Interest rate swap contract conditions were negotiated to coincide with the conditions of the underlying commitments.

The accounting treatment of these financial instruments in 2011 entailed an increase in equity of €1 thousand and decreased the cash flow hedge reserve as a direct reduction of equity to €375 thousand.

29 – Events after the reporting period

No significant events took place after the closing of the condensed consolidated half-yearly financial statements at 30 June 2012.

30 – Business seasonality

The sector in which the Group operates does not feature any significant seasonal trends. Notwithstanding this, the Group has historically featured a greater concentration of revenues in the second part of the year. These higher sales are primarily due to customers' scheduling and are confirmed by the Group's current order book.

Attestation of condensed Half-Yearly Consolidated Financial Statements

Pursuant to Article 154-*bis*, part IV, Chapter III, Part IV, Title III, Chapter II, Section V-*bis*, of Legislative Decree 58 of 24 February 1998: "Consolidated Law on Finance, in accordance with Articles 8 and 21 of Decree no. 52 of 6 February 1996".

1) We the undersigned, Roberto Siagri, Chief Executive Officer, and Sandro Barazza, Corporate Financial Reporting Manager of Eurotech SpA, herewith attest, having also taken into account the requirements of Article 154-*bis*, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998 as subsequently amended and supplemented, that:
   – the administrative and accounting procedures for the preparation of the condensed consolidated half-yearly financial statements in the period from 01.01.12 to 30.06.12 are appropriate for the nature of the business and have been effectively applied.

2) No significant matters have arisen in this respect.

3) We also attest that the condensed consolidated half-yearly financial statements:
   a) correspond to the results in the corporate books and accounting records
   b) were prepared in compliance with the international accounting standards (IFRSs) recognised in the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and of the Council, of 19 July 2002
   c) provide a fair and true representation of the balance sheet, business performance and financial status of the group of entities included in the scope of consolidation.

4) The interim report on operations contains references to the important events occurring in the first six months of the financial year and to their impact on condensed consolidated half-yearly financial statements, together with a description of the main risks and uncertainties for the remaining six months of the financial year, as well as information on significant related-party transactions.

Amaro (UD), 29 August 2012

Eurotech S.p.A.

Signed Roberto Siagri
Chief Executive Officer

Signed Sandro Barazza
Financial Reporting Manager

Independent auditor's report

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Auditors' review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
Eurotech S.p.A.

1. We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity and cash flows and the related explanatory notes, of Eurotech S.p.A. and its subsidiaries (the "Eurotech Group") as of June 30, 2012. Management of Eurotech S.p.A. is responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue this review report based on our review.

2. We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. Our review consisted mainly of obtaining information on the accounts included in the interim condensed consolidated financial statements and the consistency of the accounting principles applied, through discussions with management, and of applying analytical procedures to the financial data presented in these consolidated financial statements. Our review did not include the application of audit procedures such as tests of compliance and substantive procedures on assets and liabilities and was substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements as we expressed on the annual consolidated financial statements.

   With respect to the consolidated financial statements of the prior year and the interim condensed consolidated financial statements of the corresponding period of the prior year, presented for comparative purposes, reference should be made to our reports issued on March 30, 2012 and on August 29, 2011, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Eurotech Group as of June 30, 2012 are not prepared, in all material respects, in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Treviso, August 29, 2012

Reconta Ernst & Young S.p.A.
Signed by: Michele Graziani, Partner

This report has been translated into the English language solely for the convenience of international readers

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