HALF-YEARLY FINANCIAL REPORT

at 30 june 2010

EUROTECH

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

Date of issue: 27.08.10
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in the 'Investors' section of
www.eurotech.com

EUROTECH SpA
Registered office: 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.: 01791330309

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EUROTECH GROUP

Corporate information

Board of Directors	
Chairman	Roberto Siagri
Vice Chairman	Giampietro Tecchiolli
Director	Filippo Bagnato [1 2]
Director	Giovanni Soccodato [1 2]
Director	Maurizio Tucci [1 2]
Director	Sandro Barazza [1 2 3]
Director	Chiara Mio [1 4 5]
Director	Alberto Felice De Toni [1 4 5 6]
Director	Cesare Pizzul [1 4 5]

The Board of Directors currently holding office was appointed by shareholders at the ordinary shareholders' meeting on 5 May 2008 and supplemented by shareholders at the ordinary shareholders' meeting on 27 April 2009. It will remain in office until shareholder approval of the annual financial statements for the financial year ending on 31 December 2010.

Board of Statutory Auditors	
Chairman	Claudio Siciliotti
Statutory auditor	Michela Cignolini [2]
Statutory auditor	Giuseppe Pingaro [2]
Substitute auditor	Marco Rubatto
Substitute auditor	Lorenzo Spinnato [2]

The Board of Statutory Auditors currently holding office was appointed by shareholders at the ordinary shareholders' meeting on 5 May 2008 and supplemented by shareholders at the ordinary shareholders' meeting on 27 April 2009. It will remain in office until shareholder approval of the annual financial statements for the financial year ending on 31 December 2010.

Independent Auditor	
	Reconta Ernst & Young SpA

The independent auditor was appointed for the three-year period 2005-2007 by shareholders at the ordinary shareholders' meeting on 21 July 2005. This term was extended by shareholders for the period 2008-2013 at the ordinary shareholders' meeting on 7 May 2007.

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

[1] Non-executive directors.
[2] Appointed by the ordinary shareholders' meeting of 27 April 2009.
[3] Corporate Financial Reporting Manager as from 29 May 2008.
[4] Member of the Remuneration Committee and of the Internal Control Committee.
[5] Independent directors pursuant to the Corporate Governance Code issued by the Italian Corporate Governance Committee for Listed Companies.
[6] 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 Exchange since 30 November 2005.

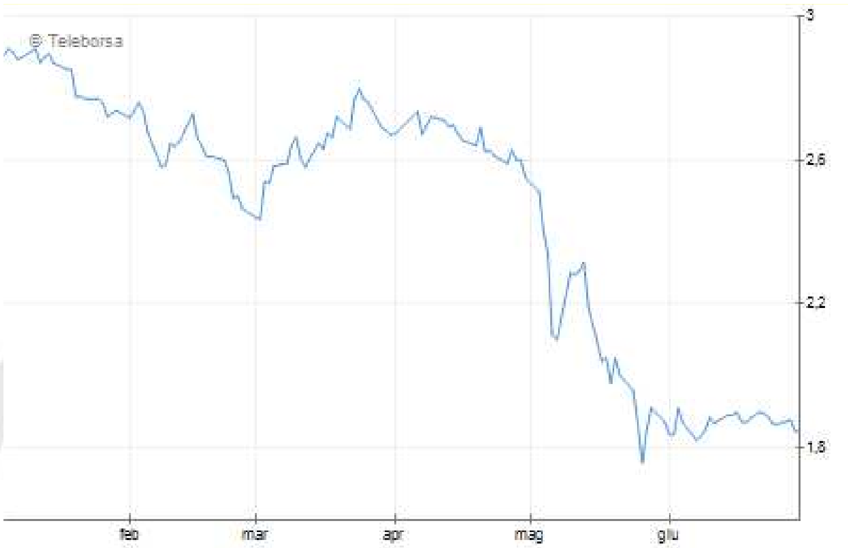
Share capital of Eurotech SpA as at 30 June 2010

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 2010)	€67 million
Stock market capitalisation (based on the share's reference price at 30 June 2010)	€66 million

Performance of Eurotech SpA shares

Relative performance of EUROTECH SpA shares
01.01.2010 – 30.06.2010

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

Management report

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.
These half-yearly financial statements for the six-month period to 30 June 2010 have been prepared in accordance with the requirements of IAS 34 Interim Financial Reporting and article 154-ter of the Italian Consolidated Finance Act (T.U.F). These half-yearly consolidated financial statements do not include all the information required to prepare consolidated annual financial statements. Consequently, this report should be read in conjunction with the consolidated annual financial statements for the year ending 31 December 2009.
Unless otherwise stated, data are expressed in thousands of euro (€ ‘000).

Performance highlights

Income statement highlights

OPERATING RESULTS €'000	30.06.2010	%	30.06.2009	%
SALES REVENUES	41,823	100.0%	38,914	100.0%
GROSS PROFIT MARGIN	21,486	51.4%	20,985	53.9%
EBITDA	503	1.2%	(1,079)	-2.8%
EBIT	(3,386)	-8.1%	(5,088)	-13.1%
PROFIT (LOSS) BEFORE TAXES	(4,764)	-11.4%	(5,456)	-14.0%
GROUP NET PROFIT (LOSS) FOR THE PERIOD	(4,963)	-11.9%	(6,178)	-15.9%

Balance sheet and financial highlights

PATRIMONIAL DATES	at June 30, 2010	at December 31, 2009	at June 30, 2009
Non-current assets	**137,044**	**117,362**	**119,294**
- of which net intangible assets	125,329	106,170	107,906
- of which net tangible assets	7,006	6,858	7,221
Current assets	**73,102**	**76,347**	**72,912**
TOTAL ASSETS	**210,146**	**193,709**	**192,206**
Group shareholders' equity	**136,262**	**116,896**	**122,747**
Minority interest	**3,819**	**3,178**	**3,221**
Non-current liabilities	**34,526**	**17,469**	**36,964**
Current liabilities	**35,539**	**56,166**	**29,274**
TOTAL LIABILITIES AND EQUITY	**210,146**	**193,709**	**192,206**

€'000	at June 30, 2010	at December 31, 2009	at June 30, 2009
NET FINANCIAL POSITION	**5,262**	**10,109**	**3,845**
NET WORKING CAPITAL	**25,940**	**27,631**	**25,323**
NET INVESTED CAPITAL*	**145,343**	**129,194**	**129,813**
CASH FLOW DATA			
Cash flow generated (used) in operations	4,301	(2,835)	(2,930)
Cash flow generated (used) by investment activities	(12,560)	(3,649)	(1,014)
Cash flow generated (used) by financing activities	(189)	(3,711)	(2,705)
Charge in the conversion difference	3,203	(565)	(227)
TOTAL CASH FLOW	**(5,245)**	**(10,760)**	**(6,876)**

(*) Assets not current not financial + NWC – liabilities not current not financial.

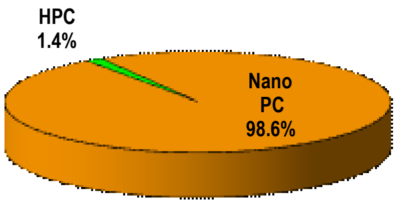
Employee headcount

	at June 30, 2010	at December 31, 2009	at June 30, 2009
NUMBER OF EMPLOYEES	480	530	564

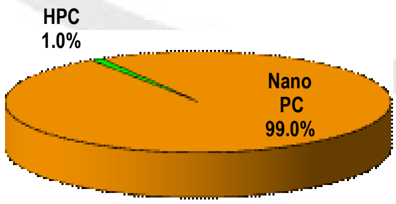
Revenues by business line

(€'000)	NanoPC				High Performance Computer				Total			
	1H 2010	1H 2009	% YoY Change	FY 2009	1H 2010	1H 2009	% YoY Change	FY 2009	1H 2010	1H 2009	% YoY Change	FY 2009
Sales revenues	41,230	38,452	7.2%	82,682	593	462	28.4%	847	41,823	38,914	7.5%	83,529

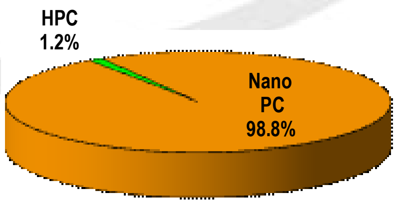
30 June 2010



31 December 2009



30 June 2009



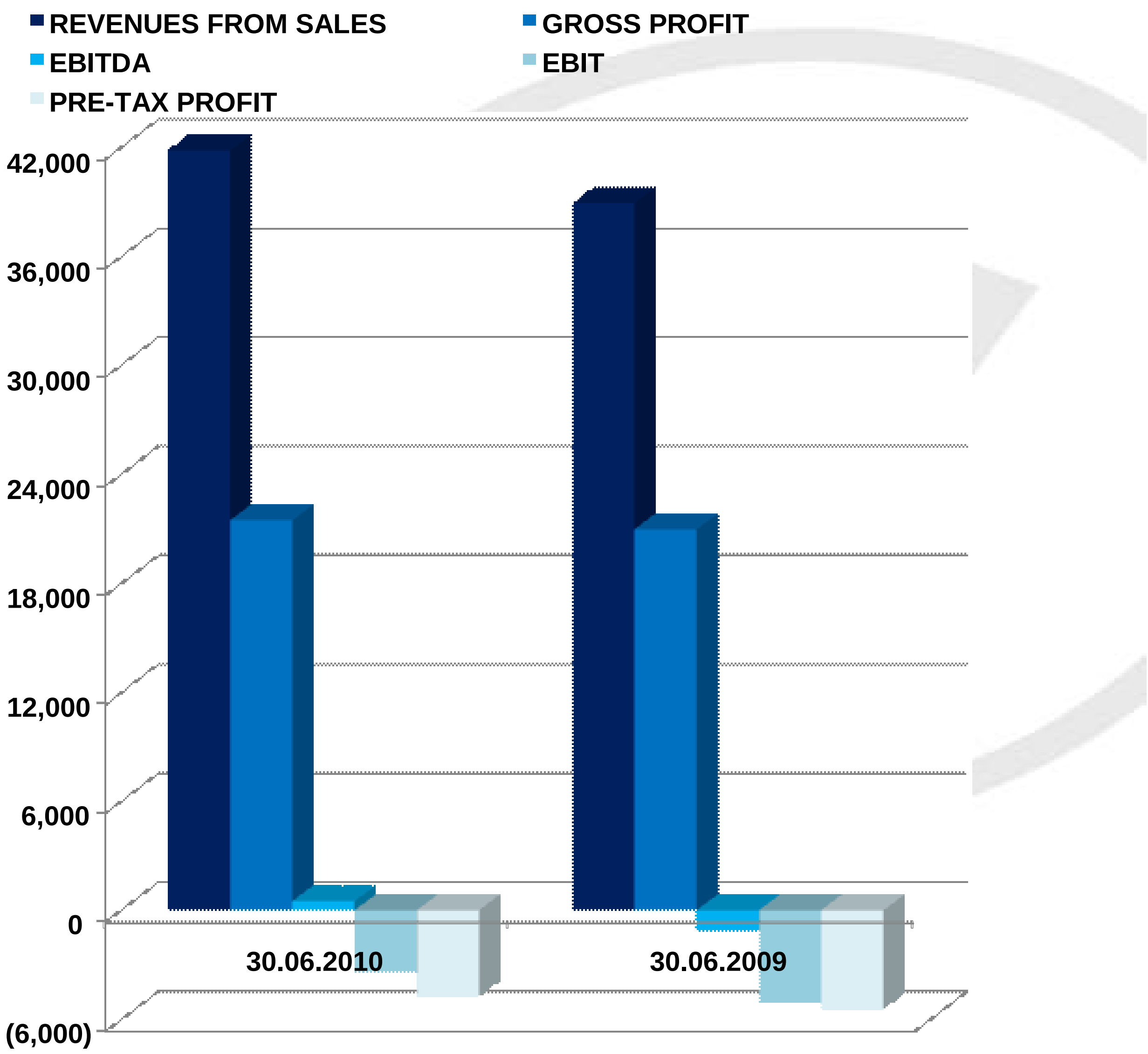
The business lines covered by the Group are ‘nanoPCs’ and ‘HPCs’ (high performance computers). The nanoPC line comprises miniaturised electronic modules and systems for the transport, aerospace, defence, security, industrial and medical sectors, while the HPC line consists of computers featuring high performance computing capability currently targeting universities, research institutes and computing centres. Volume of the HPC segment is affected by the cyclicality typical of the purchase model of our clients operating in this sector.

In view of the current low relevance of the HPC line, we have preferred to concentrate on the NanoPC line only, divided by geographical segment in relation to the Group companies and based on how these are monitored by top management. There were no significant transactions between business lines.
The geographical areas of the NanoPC line are defined by the location of Group assets and operations. Those currently identified are: Europe, North America and Asia.

Revenues of NanoPC line by business geographical area

(€' 000)	NordAmerica			Europe			Asia			Correction, reversal and elimination			Total		
	at June 30, 2010	1H 2009	%YoY Change	at June 30, 2010	1H 2009	%YoY Change	at June 30, 2010	1H 2009	%YoY Change	at June 30, 2010	1H 2009	%YoY Change	at June 30, 2010	1H 2009	%YoY Change
Third party Sales	19,772	20,256		9,832	7,920		11,626	10,276		0	0		41,230	38,452	
Infra-sector Sales	788	934		3,742	1,461		143	905		(4,673)	(3,300)		0	0	
Total Sales revenues	20,560	21,190	-3.0%	13,574	9,381	44.7%	11,769	11,181	5.3%	(4,673)	(3,300)	-416%	41,230	38,452	7.2%

Performance



The Eurotech Group

Eurotech is a global company, based in Italy with operating locations in Europe, North America, and Asia. It is a group with a strong international vocation. Its dominant language is English and over 90% of its sales are generated outside Italy.
The technological paradigm followed by Eurotech is ‘pervasive computing’ or ‘ubiquitous computing’. The pervasive concept combines three key factors: (1) miniaturisation of ‘intelligent’ devices, i.e. devices capable of processing information; (2) their spread in the real world – inside buildings and equipment, on board vehicles, worn by people, and disseminated in the environment – and (3) the possibility of connecting them up with each other in a network and communicating.
Within this overall vision, Eurotech works on the research, development, engineering, and marketing of special-purpose miniaturised computers (nanoPCs) and of high-performance supercomputers (HPCs). NanoPCs and HPCs are the two major classes of devices that, by connecting to and co-operating with each other, form that pervasive computing infrastructure commonly known as the “pervasive GRID” or “pervasive cloud”.
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 electronic system, often used in OEM products
- an application-ready subsystem or platform, used in integrated systems
- a ready-to-use device to be employed in a great variety of application settings, often as support for the provision of value-added services.

NanoPCs also include intelligent sensors, also called “smart dust”, which in combination with other types of NanoPC help create platforms able to put the real world into contact with the digital world.
All 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. The areas where Eurotech is most present are the transport, defence, security, aerospace, industrial, and medical 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 uses designs and creates supercomputers with huge computing capacity via mass connection of miniaturised computers. These supercomputers – typically aimed at advanced research centres, computing centres, and universities – are turning out to be indispensable for exploration in the scientific field and in advanced sectors such as nanotechnology, biotechnology, and subatomic physics.

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 the finished product ready for use, i.e. closer to the application scenario of the purchaser or end-customer)
- strong interaction with the academic and basic-research worlds.

Firstly, Eurotech immediately aimed to excel within sector standards. In other words it understood that, to supply its customers with solutions that both performed well and were open to the future, excellence must not be achieved only with proprietary solutions, but as far as possible with state-of-the-art solutions remaining faithful to the standards, which are themselves evolving.
Eurotech’s second strength is 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 producers. Only in the case of HPCs is assembly 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 ongoing evolution of systems integration, i.e. from just boards (or hardware) to systems (hardware with a specific container), 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 programming).
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.

As at 30 June 2010 the Eurotech Group consisted of the following companies:

Company name	Business	Share capital	Group % ownership
Parent company			
Eurotech S.p.A.	Operates in the nanoPCs and HPC (high performance computer) segments and also handles new product development for the Group	€8,878,946	
Subsidiaries			
Eurotech Inc.	Operates in the US market in the field of design, development and production of embedded systems (miniaturised computers) based on Windows CE and Linux operating systems	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 UK Ltd.	British holding company, currently not operational	GBP 1	100.00%
E-Tech USA Inc.	Holding company that controls 100% of Eurotech Inc.	USD 8,000,000	100.00%
Eurotech Finland Oy	Handles the sale and marketing of Group products in Scandinavian countries and in China	€508,431	100.00%
Eurotech France S.A.S.	Active in the French market in the nanoPC segment	€795,522	100.00%
Saee S.r.l.	Active in technological solutions in the field of sensor networks and wireless applications	€15,500	100.00%
I.P.S. Sistemi Programmabili S.r.l.	Operates in the nanoPC segment under the IPS brand	€51,480	100.00%
Parvus Corp.	Operates in the US nanoPC market	USD 119,243	100.00%
Eth Devices S.r.o.	Operates in the east European low-consumption nanoPC sector	€10,000	100.00%
EthLab S.r.l.	Handles research and development on the Group's behalf.	€115,000	99.99%
Advanet Inc.	Operates in the Japanese nanoPC market	JPY 72,440,000	88.30% (1)
Spirit21 Inc.	Primarily performs purchase, production, and product inspection activities on behalf of its direct parent company Advanet Inc.	JPY 10,000,000	88.30% (1)

(1) For the purposes of consolidation, and in line with previous periods, the share in the Advanet Group continues to be 90% represented owing to the effect of the put option on 25% of the shares, exercised in June 2010 to the tune of 23.3%.

Operating performance

OPERATING RESULTS €'000			30.06.2010	%	30.06.2009	%
SALES REVENUES			41,823	100.0%	38,914	100.0%
GROSS PROFIT MARGIN	(*)		21,486	51.4%	20,985	53.9%
EBITDA	(**)		503	1.2%	(1,079)	-2.8%
EBIT	(***)	(*)	(3,386)	-8.1%	(5,088)	-13.1%
PROFIT (LOSS) BEFORE TAXES			(4,764)	-11.4%	(5,456)	-14.0%
GROUP NET PROFIT (LOSS) FOR THE PERIOD			(4,963)	-11.9%	(6,178)	-15.9%

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

(**) EBITDA = earnings before amortisation, depreciation and impairment of non-current assets, financial income and expenses, the evaluations of affiliated companies at equity and income tax 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 reference accounting standards, the determining criteria applied by the Group may not be the same as that used by others, and the figures may therefore not be comparable.

(***) EBIT = earnings before financial income and expenses, the evaluations of affiliated companies at equity and income tax for the period

Group revenues registered growth of 7.5%, or €2.90 million, from €38.91 million in the first half of 2009 to €41.82 million in the first half of 2010. In general terms, following the global crisis of last year, revenues have returned to levels comparable with those of 2008. The increase is largely attributable to an upturn in orders, the effects of which will be more clearly seen in the second half of the year.
The Group benefited from a recovery which touched, to a different extent, several market segments: all areas have shown the beginning of a growth trend, and given the course of order intake, the second half can be expected to be positive and with a clear improvement on 2009.

During the first half, the Eurotech Group continued the process of integrating the companies it has acquired in the last few years, in order to gain the maximum advantage from the recovery of the sectors in which it operates and is leader. Specifically, it gave greater focus to Asia, after concentrating on the US in 2008 and Europe in 2009. The organisation and cost efficiencies achieved overall by the Group in this period will become clearer in the second half of 2010. The forecast of greater income in the second half, which the Group has always maintained historically, together with a policy of containing fixed costs, will have a positive impact on end-of-year margins.

Before commenting in detail on income statement figures, we point out that some of them reflect the effects of recognition in accounts of purchase price allocation (PPA)[A] relating to the business combinations concerning the Arcom Group and Applied Data Systems Inc. (now merged into Eurotech Inc.), and the Advanet Group.

[A] Specifically, the effects of PPA relating to the business combinations of the Arcom Group, Applied Data Systems Inc. and the Advanet Group can be summarized as follows:

- Depreciation, amortization and write-downs: €1,630 thousand (€1,570 thousand at 30 June 2009), for increased amortization on higher values attributed to intangible assets (customer relations, trademark and order book);
- Financial income and expenses: €60 thousand in financial income for the redetermination of the actualization of the option (financial expenses for €174 thousand at 30 June 2009) and €1,381 thousand in financial expenses for forex valuation assets realized (€496 thousand at 30 June 2009) from the payment of the liability for the acquisition of the 23,3% of the Advanet shares after the exercising of a put option;

Actual results with and without the effect of purchase price allocation are summarised below:
- instead of €-3.39 million, the EBIT figure would have come out at €-17.6 million
- instead of €4.76 million, the pre-tax loss would have been €1.81 million
- the net loss attributable to shareholders of the parent company would have been €2.75 million instead of €4.96 million.

Gross profit margin remained in line with that achieved at 2009 year-end and was 51.6%, slightly down vs. the 53.9% margin achieved in 1H09. This figure remains slightly above the benchmark level of the Eurotech business model, of 50%. In general, the resilience of the gross margin demonstrates the soundness of the business model applied by the Group, which is based on the sale of high-value products and an ongoing focus on COGS, implemented partly through the coordination among Group companies of processes to manage purchased materials. The change versus 30 June 2009 chiefly reflects Group business performance in terms of the mix of products sold.

In the period in question, operating costs as a percentage of sales rose from 61.3% in 1H09 (= €23.86 million) to 56.6% in 1H09 (= €23.86 million). This had an impact on Group EBITDA.
In the first half of 2010, the Group continued to focus on implementing synergies between its various affiliates, paying particular attention to policies aimed at limiting the incidence of fixed costs and rationalising existing resources, while fully ensuring that it maintained an overall structure capable of sustaining higher levels of sales.
In the periods considered, EBITDA rose from a negative €1.08 million in 1H09 to a positive figure of €0.5 million in 1H10. The EBITDA margin went from -2.8% in 1H09 to 1.2% in 1H10.

EBIT came in at €-3.39 million in the first half of 2010, compared with €-5.09 million in the same period last year. EBIT as a proportion of revenues was affected by higher turnover, and came in at -8.1%, compared with -13.1% previously. This performance reflected the effects of depreciation & amortisation charged to the income statement in 1H10, as well as the trend in EBITDA mentioned previously. The depreciation & amortisation arose both from operating assets that became subject to depreciation in 1H09 and from the non-monetary effects of PPA relating to the acquisitions of Eurotech Inc. (ex-Applied Data Systems Inc. and ex-Arcom Control Systems Inc.) and of the Advanet Group. The effect on EBIT of the higher value attributed as a result of PPA was € 1.63 million in 1H10 vs. € 1.57 million in 1H09.

The finance result was affected by the trend in net financial position, as well as by foreign exchange differences caused by the trend in foreign currencies. This result was impacted by the widening of the spread between interest rates payable and due to the Group, despite the careful use of liquidity in individual Group companies. Note too that 1H10 was affected by €60 thousand of interest due from discounting to present value of the foreign currency liability, already booked in December 2007, for valuation of the option on 25% of Advanet Inc.'s capital – exercised almost fully in June 2010 – and by €1,381 thousand of negative foreign exchange difference on this financial liability due to the effect of appreciation of the Japanese yen versus the Euro, which occurred at the time of the payment in mid-June. For greater detail, please refer to the comments made in Note 23.

The Group registered a pre-tax loss in 1H10 of € 4.76 million, versus a loss of €5.46 million in 1H09. This performance was influenced by the factors outlined above. The impact on the pre-tax result of PPA and the valuation of the put option was €2.95 million in 1H10 and €1.25 million in 1H09.

The Group registered a net loss of €4.96 million in the first half of 2010, compared with a net loss of €6.18 million in the same period last year. As well as reflecting the pre-tax result, this performance is mainly due to the affect of the tax burden on the Group's various units and to a lesser extent to the portion of profit attributable to third parties. The overall effects of PPA and the valuation of the put option on the Group's bottom-line result totalled €2.21 million in 1H10 (versus €0.54 million in 1H09).

As indicated later on in the explanatory notes to condensed half-yearly consolidated accounts (note D), the Group has presented its segment reporting based on the business segments constituting our corporate activity (nanoPC and HPC) and – solely for the nanoPC segment – based on the geographical area where the various Group companies operate

- Lower income tax: €671 thousand (€639 thousand at 30 June 2009) arising from the tax effect on adjustments;
- Increase in profit pertaining to third parties: €71 thousand (€68 thousand at 30 June 2009) arising from the PPA effect on third parties.

and are currently monitored. These are defined by the location of goods and operations carried out by individual Group companies. These segments are : Europe, North America and Asia.

More specifically, below we detail the trend in revenues and margin in the individual business areas and change occurring in 1H10.

(€'000)	NanoPC			High Performance Computer			Total		
	1H 2010	1H 2009	%YoY Chg	1H 2010	1H 2009	%YoY Chg	1H 2010	1H 2009	%YoY Chg
Sales and service revenue by segment									
Sales and service revenue by segment	41,230	38,452	7.2%	593	462	28.4%	41,823	38,914	7.5%
Ebitda by segment	788	-1,163	167.8%	-285	84	-439.3%	503	-1,079	146.6%
Ebit by segment	-2,883	-5,039	42.8%	-503	-49	-926.5%	-3,386	-5,088	33.5%
Total EBIT							-3,386	-5,088	33.5%
Net finance income (expense)							-480	-345	-39.1%
Shares of associates' profit (loss)	-898	-23					-898	-23	-3804.3%
Profit before tax of continuing operations							-4,764	-5,456	12.7%
Income tax							-263	-692	62.0%
Net profit (loss)							-5,027	-6,148	18.2%

The NanoPC segment is divided by geographical area as follows:

(€' 000)	NordAmerica			Europe			Asia			Correction, reversal and elimination			Total		
	1H 2010	1H 2009	%YoY Change	1H 2010	1H 2009	%YoY Change	1H 2010	1H 2009	%YoY Change	1H 2010	1H 2009	%YoY Change	1H 2010	1H 2009	%YoY Change
Third party Sales	19,772	20,256		9,832	7,920		11,626	10,276		0	0		41,230	38,452	
Infra-sector Sales	788	934		3,742	1,461		143	905		(4,673)	(3,300)		0	0	
Total Sales revenues	20,560	21,190	-3.0%	13,574	9,381	44.7%	11,769	11,181	5.3%	(4,673)	(3,300)	-416%	41,230	38,452	7.2%
Gross profit	9,643	10,108	-4.6%	5,812	3,246	79.1%	6,579	6,574	0.1%	(599)	771	-177.6%	21,435	20,699	3.6%
Gross profit margin - %	46.9%	47.7%		42.8%	34.6%		55.9%	58.8%					52.0%	53.8%	
EBITDA													788	(1,163)	167.8%
EBITDA margin - %													19%	-3.0%	
EBIT													(2,883)	(5,039)	42.8%
EBIT margin - %													-7.0%	-13.1%	
Profit before taxes													(4,261)	(5,407)	212%
Profit before taxes - %													-10.3%	-14.1%	

Revenues of the North America area amounted to €20.6 million in the first half of 2010, compared with €21.2 million in 1H09, a fall of 3.0%. This change is simply due to a different time allocation of orders within the year compared to the past in the defence sector.
Conversely, the European business area saw a 44.7% increase, rising from €9.4 million in 1H09 to €13.6 million in 1H10. This was due in particular to the positive contribution to sales of the Paris office over the last year.
The Asia business area also registered an increase of 5.3%, from €11.2 million to €11.8 million, owing to both the gradual recovery of the semiconductor market, still in its early stages, and a slight improvement in the average Euro-Yen exchange rate.

An analysis of revenues by main business area shows that the HPC segment, while still at low absolute levels, is growing, partly following the launch of the new Aurora product by Eurotech over the last year; the sector in general continues to be marked by significant orders from a limited number of customers, generally from the world of science and research.
The nanoPC segment registered growth of 7.2%, with sales of €41,230 thousand in 1H10 vs. €38,452 thousand in 1H09, as already highlighted previously.

Revenues break down by type as follows:

SALES BY TIPE	1H 2010	%	1H 2009	%
Industrial revenues	40,538	96.9%	37,747	97.0%
Services revenues	1,285	3.1%	1,167	3.0%
TOTALE SALES AND SERVICE REVENUE	41,823	100.0%	38,914	100.0%

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

REVENUES BY GEOGRAPHICAL AREA	30.06.2010	%	30.06.2009	%	chg%
Italy	2,189	5.2%	2,699	6.9%	-18.9%
Rest of European Union	5,874	14.0%	6,092	15.7%	-3.6%
United States	18,347	43.9%	19,092	49.1%	-3.9%
Japan	11,312	27.0%	9,776	25.1%	15.7%
Other	4,101	9.8%	1,255	3.2%	226.8%
TOTAL REVENUES	41,823	100.0%	38,914	100.0%	7.5%

Revenues in the US fell by 3.9% mainly owing to the different distribution of customers that saw the Canada area (classified under "Others") register an increase.
The increase in the Japan business area reflects the performance of the semiconductor equipment market, in which the company operates, which is showing signs of an upturn that should be fully felt in the second half of the year. The rise was 15.7% or €1,536 thousand.
As regards Italy, the decline is still attributable to the stagnation of specific markets, such as public transport.

Balance sheet

Non-current assets

(€'000)	at June 30, 2010	at December 31, 2009	Changes
ASSETS			
Intangible assets	125,329	106,170	19,159
Property, Plant and equipment	7,006	6,858	148
Investments in affiliates companies	413	1,381	(968)
Investments in other companies	274	243	31
Deferred tax assets	1,823	1,172	651
Other non current financial assets	236	236	0
Medium/long term borrowing allowed to affiliates compani	1,014	511	503
Other non-current assets	949	791	158
Total non-current assets	**137,044**	**117,362**	**19,682**

The Non-current assets item – as shown in the schedule above – rose from €117,362 thousand in 2009 to €137,044 thousand in 1H10. The rise is due to the changes in tangible and intangible assets stemming from the different exchange rate for the translation of foreign-currency financial statements and price allocations calculated in foreign entities' currencies.

The Group's main investments were as follows:

(€'000)	at June 30, 2010	at June 30, 2009
Intangible assets	2,046	1,418
Property, plant and equipment	476	422
TOTAL MAIN INVESTMENTS	2,522	1,840

Current assets

(€'000)	at June 30, 2010	at December 31, 2009	Changes
Inventories	22,629	17,060	5,569
Contracts in progress	346	819	(473)
Trade receivables	21,188	23,035	(1,847)
Income tax receivables	2,872	5,627	(2,755)
Other current assets	3,388	1,882	1,506
Cash & cash equivalents	22,679	27,924	(5,245)
Total current assets	**73,102**	**76,347**	**(3,245)**

The Current assets item decreased, from €76,347 thousand in 1H09 to €73,337 thousand in 1H10.

The decrease in cash and cash equivalents is attributable to the use of €9,645 thousand for the payment of the Advanet option, previously included under payables as a probable future outlay. Over the first half, the Group also registered a drop in trade and tax receivables, the latter owing to the repayment received by Eurotech Inc., together with an increase in inventories in order to meet expected sales volumes in the second half of the year.

Working capital

Working capital is current assets, net of cash and cash equivalents, together with non-financial current liabilities, and followed the trend set out below in the year under review:

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

The decrease in working capital versus 31 December 2009 is mainly due to the fall in trade receivables (following a greater concentration of sales at the end of the year compared to the end of the first half), and to the decrease in tax credits (owing to the use of a portion of these credits to offset tax payables as well as the repayment of tax credits by the US tax authorities), combined with the increase in trade payables and other current liabilities, had a greater positive effect than the increase in warehouse inventories (mainly to meet expected sales volumes in 2H10).

Net financial position

The net financial position at the end of both periods is broken down in the table below.

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

Note that the calculation of the net financial position also includes €1,973 thousand as at 30 June 2010 (versus €11,417 thousand at 31 December 2009) for future outlays, i.e. not involving an actual cash outflow in the reporting period, for both the remaining 1.7% of Advanet Inc. shares, after the exercise from the minority shareholders in June 2010 for 23,3% of the capital compare the total 25% and the residual debt payable to former Eurotech Inc. shareholders (ex Applied Data Systems Inc.) due to a restricted escrow deposit against an agreed share price, payable in 2011.

The different exchange rate according to which the cash and equivalents of certain foreign companies are converted had a positive impact on the value of the cash recorded.

Referring to the two medium-long term loans, that at 31.12.09 had been fully reclassified under short-term loans, as a result of non-compliance with one of the covenants, now the parent Company had obtained from both lending financial institutions waiver letters, in which the banks formally expressed their willingness to continue the financing relationship based on the original repayment plan, introducing only one increase to the interest margin applied. Having obtained these waivers, at 30 June 2010, the Parent Company therefore reclassified the medium/long-term loans based on the original maturity of the repayment plan..

Cash flow

(€'000)	at June 30 2010	FY 2009	at June 30 2009
Cash flow generated (used) in operations	4,301	(2,835)	(2,930)
Cash flow generated (used) in investment activities	(12,560)	(3,649)	(1,014)
Cash flow generated (used) in financial activities	(189)	(3,711)	(2,705)
Change in the conversion difference	3,203	(565)	(227)
Increase (decrease) in cash & cash equivalents	(5,245)	(10,760)	(6,876)
Opening amount in cash & cash equivalents	27,924	38,684	38,684
End of period in cash & cash equivalents	22,679	27,924	31,808

Investments and research and development

As of 30 June 2010, technical investments (tangible assets) in equipment and instruments amounted to €169 thousand and investments in other assets to €307 thousand.
During the period, the Group worked on industrial research and development and on technological innovation relating both to new products and to process improvements.
Research led to development of new products/applications in the field of computers and embedded systems, high-integration and low-consumption nanoPCs, edge controllers and supercomputers. Research also permitted achievement of improved product quality aiming to reduce production costs, and with a consequent increase in company competitiveness. In 1H10, new product development costs totalling €1,708 thousand were capitalised.

Competitive scenario, outlook and future growth strategy

Thanks to the integration and strengthened relations between the Group's various companies, its global positioning, as well as the Group's balance sheet and financial solidity, the Group was able to remain competitive in a continually evolving market. Given the trend in orders over the period, the outlook for the next few quarters is positive, even though market conditions in some sectors remain uncertain. 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 the field of NanoPCs, the development and offer of new products/solutions with high added value, with a particular focus on the creation of application ready platforms (systems) and ready to use products (devices);
- in the field of both NanoPCs and HPCs, a focus on products/solutions increasingly closer to the paradigm of pervasive computing or cloud computing;
- the strengthening of commercial activities, particularly with regard to indirect as well as direct sales channels;
- heightened integration between individual Group companies, with particular reference to Asia, in order to (a) achieve greater operating effectiveness, (b) benefit from the economies of scale achievable, and (c) consolidate the Eurotech brand image;
- the continuous monitoring of opportunities for new acquisitions to extend and/or consolidate the Group's presence in specific markets/sectors.

Own shares of the parent company owned by the parent company or subsidiaries

Own shares owned by parent company Eurotech S.p.A. totalled 420,140 at the end of the period. No transactions took place during 1H10.

Events after the reporting period

No other significant events took place after the end of 1H10.

Condensed half-yearly consolidated financial statements as at 30 June 2010

Consolidated statement of financial position

(€'000)	Notes	at June 30, 2010	at December 31, 2009
ASSETS			
Intangible assets	1	125,329	106,170
Property, Plant and equipment	2	7,006	6,858
Investments in affiliates companies	3	413	1,381
Investments in other companies		274	243
Deferred tax assets		1,823	1,172
Other non current financial assets		236	236
Medium/long term borrowing allowed to affiliates companies		1,014	511
Other non-current assets		949	791
Total non-current assets		**137,044**	**117,362**
Inventories	4	22,629	17,060
Contracts in progress	5	346	819
Trade receivables	6	21,188	23,035
Income tax receivables	7	2,872	5,627
Other current assets	8	3,388	1,882
Cash & cash equivalents	9	22,679	27,924
Total current assets		**73,102**	**76,347**
Total assets		**210,146**	**193,709**
LIABILITIES AND EQUITY			
Share capital		8,879	8,879
Share premium reserve		136,400	136,400
Other reserves		(9,017)	(28,383)
Group shareholders' equity	11	**136,262**	**116,896**
Equity attributable to minority interest	11	**3,819**	**3,178**
Total shareholders' equity	11	**140,081**	**120,074**
Medium-/long-term borrowing	13	18,135	2,417
Employee benefit obligations		1,820	1,609
Deferred tax liabilities		12,704	10,854
Other non-current liabilities		1,867	1,600
Business combination liabilities		0	989
Total non-current liabilities		**34,526**	**17,469**
Trade payables	14	16,372	14,171
Short-term borrowing	13	8,581	24,488
Derivative instruments		502	458
Income tax liabilities	7	1,607	1,766
Other current liabilities	15	6,504	4,855
Business combination liabilities		1,973	10,428
Total current liabilities		**35,539**	**56,166**
Total liabilities		**70,065**	**73,635**
Total liabilities and equity		**210,146**	**193,709**

Consolidated Income Statement

INCOME STATEMENT (€'000)	Note	at June 30 2010	at June 30 2009
Revenues from sales of products and services	D	41,823	38,914
Other revenues	21	971	508
Cost of materials	16	(20,337)	(17,929)
Service costs	18	(8,606)	(8,251)
Lease & hire costs		(1,174)	(1,063)
Payroll costs	19	(13,292)	(13,513)
Other provisions and other costs		(590)	(1,037)
current assets	20	1,708	1,292
Depreciation & amortisation	22	(3,877)	(3,652)
Asset impairment	22	(12)	(357)
Operating profit		**(3,386)**	**(5,088)**
Share of associates' profit of equity		(898)	(23)
Finance expense	23	(2,759)	(1,957)
Finance income	23	2,279	1,612
Profit before taxes		**(4,764)**	**(5,456)**
Income tax	24	(263)	(692)
Net profit (loss) before minority interest		**(5,027)**	**(6,148)**
Minority interest		**(64)**	**30**
Group net profit (loss) for period		**(4,963)**	**(6,178)**
Base earnings (losses) per share	12	**(0.141)**	**(0.176)**
Diluted earnings (losses) per share	12	**(0.141)**	**(0.176)**

Aggregate Consolidated Income Statement

STATEMENT OF COMPREHENSIVE INCOME (€'000)	Note	at June 30 2010	at June 30 2009
Net profit (loss) before minority inerest (A)		**(5,027)**	**(6,148)**
Net profit (loss) from Cash Flow Hedge		(44)	(164)
Tax effect		0	0
		(44)	*(164)*
Foreign balance sheets conversion difference		*20,613*	*(4,899)*
Exchange differences on equity method		*(53)*	*0*
Exchange differences on equity investments in foreign companies		3,226	(294)
Tax effect		0	0
		3,226	*(294)*
After tax comprehensive profit (loss) (B)		*23,742*	*(5,357)*
Comprehensive net result (A+B)		**18,715**	**(11,505)**
Comprehensive minority interest		**641**	**(193)**
Comprehensive Group net profit (loss) for period		**18,074**	**(11,312)**

Statement of changes in shareholders' equity

(€'000)	Share capital	Legal reserve	Share premium reserve	Conversion reserve	Other reserves	Cash flow hedge reserve	Exchange rate difference reserve	Treasury shares	Profit (loss) for period	Group shareholders' equity	Minorities' capital & reserves	Minorities profit (loss)	Minorities' shareholders equity	Total Shareholders' equity
Balance at 31 December 2008	**8,879**	**39**	**136,400**	**12,562**	**(7,852)**	**(347)**	**(1,574)**	**(1,340)**	**(12,708)**	**134,059**	**3,184**	**230**	**3,414**	**137,473**
Allocation of 2008 profit	-	-	-	-	(12,708)	-	-	-	12,708	-	230	(230)	-	-
Profit at 30 June 2009	-	-	-	-	-	-	-	-	(6,178)	(6,178)	-	30	30	(6,148)
Other comprehensive earnings (losses):														
- Financial hedge transactions	-	-	-	-	-	(164)	-	-	-	(164)	-	-	-	(164)
- Foreign accounts' translation difference	-	-	-	(4,676)	-	-	-	-	-	(4,676)	(223)	-	(223)	(4,899)
- Exchange rate differences on investments in foreign operations	-	-	-	-	-	-	(294)	-	-	(294)	-	-	-	(294)
Total comprehensive result	-	-	-	*(4,676)*	-	*(164)*	*(294)*	-	*(6,178)*	*(11,312)*	*(223)*	*30*	*(193)*	*(11,505)*
Balance at 30 June 2009	**8,879**	**39**	**136,400**	**7,886**	**(20,560)**	**(511)**	**(1,868)**	**(1,340)**	**(6,178)**	**122,747**	**3,191**	**30**	**3,221**	**125,968**

(€'000)	Share capital	Legal reserve	Share premium reserve	Conversion reserve	Other reserves	Cash flow hedge reserve	Exchange rate differences reserve	Treasury shares	Profit (loss) for period	Group shareholders' equity	Minority interest capital & reserves	Profit (loss) of third parties	Equity attributable to Minority interest	Total shareholders' equity
Balance as at December 31, 2009	8,879	39	136,400	8,213	(23,010)	(458)	(2,226)	(1,340)	(9,601)	116,896	3,049	129	3,178	120,074
2009 Result allocation	-	-	-	-	(9,601)	-	-	-	9,601	-	129	(129)	-	-
Profit (loss) as at June 30, 2010	-	-	-	-	-	-	-	-	(4,963)	(4,963)	-	(64)	(64)	(5,027)
Comprehensive other profit (loss)														
- Hedge transactions	-	-	-	-	-	(44)	-	-	-	(44)	-	-	-	(44)
- Foreign balance sheets conversion difference	-	-	-	19,908	-	-	-	-	-	19,908	705	-	705	20,613
Exchange differences on equity method	-	-	-	-	(53)	-	-	-	-	(53)	-	-	-	(53)
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	3,226	-	-	3,226	-	-	-	3,226
Comprehensive result	-	-	-	*19,908*	*(53)*	*(44)*	*3,226*	-	*(4,963)*	*18,074*	*705*	*(64)*	*641*	*18,715*
Minority purchase	-	-	-	-	1,292	-	-	-	-	1,292	-	-	-	1,292
Balance as at June 30, 2010	8,879	39	136,400	28,121	(31,372)	(502)	1,000	(1,340)	(4,963)	136,262	3,883	(64)	3,819	140,081

Cash Flow Statement

CASH FLOW STATEMENT (€'000)	at June 30 2010	FY 2009
CASH FLOWS GENERATED BY OPERATIONS:		
Group net profit	**(4,963)**	**(9,601)**
Adjustments to reconcile reported net profit with cash & cash equivalents generated (used) in operations:		
Minority interests	(64)	129
Depreciation & amortization intangible assets, property, plant and equipment	3,889	7,921
Write-down of receivables	117	734
Interest income	(148)	(631)
Affiliated companies booked at equity	898	405
Cost for bringing up-to-date and exchange adjustment for put option	1,321	937
Provision for (use of) long-term employee severance indemnities	211	(133)
Provision for (use of) risk provision	267	(321)
(Provision for) / use of deferred tax asset / Provision for (use of) deferred tax liability	1,199	(1,341)
Changes in current assets and liabilities		
Trade receivables	1,730	(1,706)
Other current assets	1,249	(592)
Inventories and contracts in process	(5,096)	2,287
Trade payables	2,201	(1,036)
Other current liabilities	1,490	113
Total adjustments and changes	**9,264**	**6,766**
Cash flow generated (used) in operations	**4,301**	**(2,835)**
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Sales of tangible and intangible assets	81	200
Interest income	148	631
Purchase of intangible fixed assets	(2,046)	(3,182)
Purchase of tangible fixed assets	(476)	(860)
Decreases (Increases) other financial assets	(503)	(28)
Net investments in long-term investments and non-current assets	(119)	(281)
Purchase of investments resulting from exercice of put option	(9,645)	0
Cash flow generated (used) in investment activities	**(12,560)**	**(3,649)**
CASH FLOW FROM FINANCING ACTIVITIES:		
Loans taken	1,100	450
Increases (decreases) short term loan	769	1,513
Repaid loans medium/long term	(2,058)	(5,494)
Cash flow generated (absorbed) by financial assets	**(189)**	**(3,711)**
Changes in the conversion difference	3,203	(565)
Increases (decreases) in cash & cash equivalents	**(5,245)**	**(10,760)**
Opening amount in cash & cash equivalents	**27,924**	**38,684**
Cash & cash equivalents at end of period	**22,679**	**27,924**
Interest paid	**515**	**1,261**
Income taxes paid (get)	**(374)**	**4,624**

Explanatory notes to financial statements

A – Corporate information

Publication of the condensed half-yearly consolidated financial statements of Eurotech SpA for the six-month period ended on 30 June 2010 was authorised by directors with the resolution passed on 27 August 2010. 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 (nanoPCs) and high-performance computers featuring high computing capacity (HPCs). For more information, please refer to Note D.

B - Reporting policies 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-month period ended on 30.06.10 have been prepared in accordance with the requirements of IAS 34 Interim Financial Reporting and Article 154-ter of the Italian Consolidated Finance Act. These condensed half-yearly consolidated financial statements do not include all the information required to prepare consolidated annual financial statements. Consequently, this report should be read in conjunction with the consolidated annual financial report for the year ended on 31 December 2009.
Preparation of interim financial statements requires top 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 December 2009.
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 standards adopted are consistent with those used for the period ended 31 December 2009, except for the following amendments, improvements and interpretations, effective from 1 January 2010, which in any case regulate cases and events not present in the Group as of the date of these financial statements, but which could have accounting effects on future transactions or agreements:

- *IFRS 3 revised – Business combinations;*
- *IAS 27 amendment – Consolidated and Separate Financial Statements;*
- *IFRS 2 – Share based payments*;
- *IAS 39 – Financial instruments: Recognition and Measurement – eligible Hedged items;*
- *IAS 39 – Financial instruments: Recognition and measurement;*
- *IFRS 5 – Non-current assets held for sale and Discontinued operations;*
- *IFRIC 17 – Distributions of non-cash assets to owners*

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, basic income statement, comprehensive income statement, statement of changes in shareholders' equity, cash flow statement, and of 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, when necessary, to align them with international accounting policies and with uniform group-wide classification policies.

C – Scope of consolidation

The condensed half-yearly consolidated financial statements include the statutory 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 as from the date when control is transferred outside the Group
The companies included in the basis of consolidation on a line-by-line basis as at 30 June 2010 are as follows:

Company name	Registered office		Share capital	Group % ownership
Parent company				
Eurotech S.p.A.	Via Fratelli Solari, 3/A – Amaro (UD)	€	8,878,946	
Subsidiary companies consolidated line-by-line				
Eth Devices S.r.o.	Bratislava (Slovakia)	€	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 UK Ltd.	Cambridge (UK)	GBP	1	100.00%
E-Tech USA Inc.	Columbia (USA)	USD	8,000,000	100.00%
Eurotech Finland Oy	Helsinki (Finland)	€	508,431	100.00%
Eurotech France S.A.S.	Venissieux Cedex (France)	€	795,522	100.00%
I.P.S. Sistemi Programmabili S.r.l.	Via Piave, 54 – Caronno Varesino (VA)	€	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)	€	15,500	100.00%
EthLab S.r.l.	Via Dante, 78 – Trento	€	115,000	99.99%
Advanet Inc.	Okayama (Japan)	JPY	72,440,000	88.30% (1)
Spirit21 Inc.	Okayama (Japan)	JPY	10,000,000	88.30% (1)

(1) The consolidation percentage remains 90%, in line with previous periods, owing to the put option on 25% of the shares of the subsidiaries, exercised to the tune of 23.3% as of June 2010.

In addition, the following associated companies are consolidated at equity:

Affiliated companies consolidated at equity		
Chengdu Vantron Technology Inc.	Chengdu (China)	49.50%
Delos S.r.l.	Via Roberto Cozzi 53 – Milan	40.00%
Isidorey Llc	Columbia (USA)	40.00%
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%
UTRI Srl	Via del Follatolo, 12 – Trieste	21.31%

The main changes in terms of the subsidiary and associated companies with respect to 31 December 2009 are as follows:

- On 29 January 2010, the company Isidorey Llc was created, with a registered office in Wilmington (USA). The company will develop software for connection and remote management of devices.
- On 1 April 2010, 40% of Union Arrow Technologies Inc. owned through Advanet Inc. was sold.
- On 22 July 2010, the process to liquidate Delos S.r.l. began.

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

Currency	Average 1H 2010	As of June 30, 2010	Average at 2009	As of December 31, 2009	Average 1H 2009	As of June 30, 2009
British pound sterling (GBP)	0.87000	0.81745	0.88810	0.89094	0.89392	0.85210
Japanese Yen	121.31968	108.79000	130.33660	133.16000	127.27384	135.51000
Renmimbi	n/a	n/a	9.52771	9.83500	9.10703	9.65450
USA Dollar	1.32683	1.22710	1.39478	1.44060	1.33278	1.41340

D – Segment reporting

The Group's primary segmentation for reporting purposes is by business segment while secondary segmentation is by geographical segment. The business segments are the "nanoPC" and "HPC" (High Performance Computer) segments. In view of the cyclicality typical of our clients operating in the HPC segment and its low relevance, we have preferred to provide detailed information only for the NanoPC segment, divided by geographical segment in relation to the Group companies and based on which top management monitors performance.
The geographical areas of the NanoPC sector are defined by the location of Group assets and operations. These segments are : Europe, North America and Asia.
Management monitors the results separately in terms of EBIT of the individual business units in order to make decisions regarding allocation of resources and performance assessment.

Business segments

The following schedule presents revenue data, based on Group results, respectively for 1H10 and 1H09.

(€'000)	NanoPC			High Performance Computer			Total		
	1H 2010	1H 2009	%YoY Chg	1H 2010	1H 2009	%YoY Chg	1H 2010	1H 2009	%YoY Chg
Sales and service revenue by segment									
Sales and service revenue by segment	41,230	38,452	7.2%	593	462	28.4%	41,823	38,914	7.5%
Ebitda by segment	788	-1,163	167.8%	-285	84	-439.3%	503	-1,079	146.6%
Ebit by segment	-2,883	-5,039	42.8%	-503	-49	-926.5%	-3,386	-5,088	33.5%
Total EBIT							-3,386	-5,088	33.5%
Net finance income (expense)							-480	-345	-39.1%
Shares of associates' profit (loss)	-898	-23					-898	-23	-3804.3%
Profit before tax of continuing operations							-4,764	-5,456	12.7%
Income tax							-263	-692	62.0%
Net profit (loss)							-5,027	-6,148	18.2%

The NanoPC segment can be analysed as follows:

(€' 000)	NordAmerica			Europe			Asia			Correction, reversal and elimination			Total		
	1H 2010	1H 2009	%YoY Change	1H 2010	1H 2009	%YoY Change	1H 2010	1H 2009	%YoY Change	1H 2010	1H 2009	%YoY Change	1H 2010	1H 2009	%YoY Change
Third party Sales	19,772	20,256		9,832	7,920		11,626	10,276		0	0		41,230	38,452	
Infra-sector Sales	788	934		3,742	1,461		143	905		(4,673)	(3,300)		0	0	
Total Sales revenues	20,560	21,190	-3.0%	13,574	9,381	44.7%	11,769	11,181	5.3%	(4,673)	(3,300)	-416%	41,230	38,452	7.2%
Gross profit	9,643	10,108	-4.6%	5,812	3,246	79.1%	6,579	6,574	0.1%	(599)	771	-177.6%	21,435	20,699	3.6%
EBIT													(2,883)	(5,039)	42.8%

The schedule below shows the assets and the investments of the Group's individual business segments as at 30 June 2010 and 31 December 2009.

(€'000)	NanoPC		High Performance Computer		Total	
	1H 2010	31.12.2009	1H 2010	31.12.2009	1H 2010	31.12.2009
Assets and liabilites						
Segment assets	204,537	186,676	2,810	3,297	207,347	189,973
Investments in associate & other companies	687	1,624	0	0	687	1,624
Unallocated assets					2,112	2,112
Total assets	**205,224**	**188,300**	**2,810**	**3,297**	**210,146**	**193,709**
Segment liabilities	69,903	72,731	162	904	70,065	73,635
Unallocated liabiities					0	0
Total liabilities	**69,903**	**72,731**	**162**	**904**	**70,065**	**73,635**
Other segment information						
Investments in tangible assets	476	860	0	0	476	860
Investments in intangible assets	1,560	2,267	486	915	2,046	3,182
Depreciation & amortisation	3,723	7,823	166	98	3,889	7,921

Assets and investments in the NanoPC segment on a geographical basis are shown in the following schedule:

(€' 000)	NordAmerica		Europe		Asia		Correction, reversal and elimination		Total	
	at June 30, 2010	at December 31, 2009	at June 30, 2010	at December 31, 2009	at June 30, 2010	at December 31, 2009	at June 30, 2010	at December 31, 2009	at June 30, 2010	at December 31, 2009
Activitis by sector	59,975	50,709	38,129	47,792	115,867	96,162	(9,434)	(7,987)	204,537	186,676
Investments	1,209	1,481	802	1,558	25	89	0	0	2,036	3,128

Segment assets at 30 June 2010 do not include investments in affiliated companies and other companies (€0.7 million) and current income taxes of the parent company (€2.1 million).

E – Breakdown of main balance sheet captions and items

1 – Intangible assets

The schedule below shows the evolution in the historic cost and accumulated amortization of assets in the period considered:

(€ '000)	DEVELOPMENT COSTS	GOODWILL	SOFTWARE TRADEMARKS PATENTS	ASSETS UNDER CONSTRUCTION & ADVANCES	OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS
Purchase or production cost	8,920	72,322	23,603	1,775	31,877	138,497
Previous years' impairment	(600)	(640)	(10,594)	(316)	-	(12,150)
Previous years' amortisation	(4,676)	(166)	(3,901)	-	(11,434)	(20,177)
OPENING BALANCE	3,644	71,516	9,108	1,459	20,443	106,170
Purchases	779	-	98	1,166	3	2,046
Disposals	-	-	(1)	(21)	-	(22)
Other changes	560	13,640	3,601	53	6,366	24,220
Impairment in period	-	-	-	(12)	-	(12)
Transfers	1,139	-	22	(1,161)	-	-
Amortisation in period	(968)	-	(335)	-	(1,632)	(2,935)
Reversal of cumulative amortisation	-	-	1	-	-	1
Other changes in cumulative impairment	(30)	-	(1,487)	14	-	(1,503)
Other changes in cumulative amortisation	(231)	-	(293)	-	(2,112)	(2,636)
TOTAL CHANGES	1,249	13,640	1,606	39	2,625	19,159
Purchase or production costs	11,398	85,962	27,323	1,812	38,246	164,741
Impairment	(630)	(640)	(12,081)	(314)	-	(13,665)
Cumulative amortisation	(5,875)	(166)	(4,528)	-	(15,178)	(25,747)
CLOSING BALANCE	4,893	85,156	10,714	1,498	23,068	125,329

The increase in intangible assets was mainly due to the effect of changes in exchange rates, particularly on goodwill, trademarks, and customer relationships posted at the time of acquisition purchase price allocation, and to amortisation and write-downs reported in 1H10. The value of intangible assets rose from €106,170 thousand in FY2009 to €125,329 thousand in 1H10.

Investments totalling €2,046 thousand were made in the first six months, and mainly related to the Group's new product development projects.

In addition, development costs capitalised in previous years were written down by €12 thousand because they referred to products that did not achieve the market acceptance originally expected.

Other write-downs and accumulated amortisation refer to the exchange differences accrued on the beginning balances of the values expressed in foreign currency and especially in relation to the item "goodwill" and the item other fixed assets, which includes the value of customer relations defined at the time of allocation of the acquisition price.

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 from the beginning of 2004, goodwill is no longer amortised but is instead tested annually for impairment.

For the annual check of any impairment of value, individual goodwill and assets with indefinite lives - carried as a result of business combinations – have been allocated to their respective cash-generating units (CGUs). These CGUs generally correspond to the legal entity or group of companies to which reference is made to check for any impairment.

The carrying values of goodwill and trademarks with an indefinite useful life allocated to each of the cash-generating units are as follows:

Cash generating units	At June 30, 2009		At December 31, 2009	
	Goodwill	Trademark with an indefinite useful life	Goodwill	Trademark with an indefinite useful life
Advanet Group	51,261	9,734	41,880	7,953
Eurotech Inc. (ex Applied Data Systems e ex Arcom Inc.)	25,933	-	22,099	-
Eurotech Ltd. (ex Arcom Ltd.)	5,343	-	4,918	-
Eurotech France S.a.s.	1,051	-	1,051	-
Parvus Corp.	1,478	-	1,478	-
Other	90	-	90	-
TOTAL	**85,156**	**9,734**	**71,516**	**7,953**

At 30 June 2010, considering the outcome of the impairment tests performed when preparing annual accounts as at 31 December 2009, the change in the period concerned of the external indicators and internal amounts originally used to estimate the recoverable value of individual CGUs, in relation to which there were some encouraging signs in some core markets regarding the uncertainties already taken into account at the end of the year, the management did not consider it necessary to reconduct a full impairment test on the carrying value of the goodwill and of the trademark with an indefinite useful life.

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 the exchange rates in force at the end of each period.

Generally, as at 31 December 2009, in its valuations, the management considered that, although some external indicators (and in particular the performance of the Eurotech share) could indicate a loss in value of net assets, no write-downs were considered necessary. It is considered that the market's performance reflects the international economic situation and in 2010 has not differed significantly from the performance of the sector index to which Eurotech belongs. The implied conditions of the Eurotech Group and expectations for the next few years based on currently orders, relations with stakeholders and products currently in the portfolio, as well as those developed particularly in the last few years, are considered by the management to be important elements that justify maintaining the values posted.

2 – Tangible assets

The schedule below shows the evolution in the historic cost and accumulated depreciation and the value of assets in the period considered:

(€ '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	773	6,599	2,727	6,277	33	896	17,305
Previous year's depreciation	(90)	(4,091)	(2,275)	(3,769)	-	(222)	(10,447)
OPENING BALANCE	**683**	**2,508**	**452**	**2,508**	**33**	**674**	**6,858**
Purchases	-	123	44	307	2	-	476
Disposals	-	-	(7)	(106)	-	-	(113)
Other changes	-	1,148	170	735	(2)	-	2,051
Transfers	-	-	27	-	(27)	-	-
Depreciation in period	(8)	(384)	(130)	(411)	-	(9)	(942)
Reversal of cumulative depreciation	-	-	7	46	-	-	53
Other changes	-	(834)	(143)	(400)	-	-	(1,377)
TOTAL CHANGES	**(8)**	**53**	**(32)**	**171**	**(27)**	**(9)**	**148**
Purchase or production cost	773	7,870	2,961	7,213	6	896	19,719
Cumulative depreciation	(98)	(5,309)	(2,541)	(4,534)	-	(231)	(12,713)
CLOSING BALANCE	**675**	**2,561**	**420**	**2,679**	**6**	**665**	**7,006**

The Other changes item, which refers both to cost and to related cumulative depreciation, concerns the different exchange rates at which foreign entities' amounts were converted at 30 June 2010 compared with those applied at 31 December 2009.
Purchases made in 1H09 related mainly to computers, office equipment and industrial equipment.
The item "fixed assets under lease" includes €665 thousand in the assets under the lease contract, booked using the financial method and wholly relating to land and buildings located on the Amaro (UD) production site of the Company.

3 – Investments in associates and other companies

The schedule below shows the changes taking place in investments in associate companies and other companies in the period in question:

	At June 30, 2010						
(€'000)	INITIAL VALUE	INCREASES	DECREASES	WRITE-UPS /WRITE-DOWN	OTHER	EOP VALUE	%OWNERSHIP
Investments in associate companies:							
Chengdu Vantron Technology Inc.	284	-	-	-	48	332	49.50%
Delos S.r.l.	21	-	-	-	-	21	40.00%
Isidorey Llc	-	-	-	-	-	-	40.00%
Union Arrow Technologies Inc.	245	-	(245)	-	-	-	
Emilab S.r.l.	45	-		7	-	52	24.82%
eVS embedded Vision Systems S.r.l.	7	-	-	1	-	8	32.00%
UTRI S.p.A.	779	-	-	(779)	-	-	21.32%
TOTAL INVESTMENTS IN ASSOCIATE COMPANIES	**1,381**	**-**	**(245)**	**(771)**	**48**	**413**	
Investments in other companies:							
Cosint	2	-	-	-	-	2	
Consorzio nazionale fidi	0	-	-	-	-	-	
ALC Consortium	3	-	-	-		3	
Consorzio Ecor' IT	2	-	-	-	-	2	
Consorzio Aeneas	5	-	-	-	-	5	
Inasset S.r.l.	36	-	-	-	-	36	6.10%
Veneto Nanotech S.p.a.	10	-	-	-	-	10	
Kairos Autonomi	183	-	-	-	31	214	19.00%
Others	2	-	-	-	-	2	
TOTAL INVESTMENTS IN OTHER COMPANIES	**243**	**-**	**-**	**-**	**31**	**274**	
TOTAL INVESTMENTS	**1,624**	**-**	**(245)**	**(771)**	**79**	**687**	

The item “write-ups/write-downs” relates to application of the equity accounting method to investments in associates. The application of this method for Isidorey LLC led to a write-down of €127 thousand, which was booked under the reserves for risks, while the write-down for UTRI S.p.A. also reflects the possible outcomes of ongoing negotiations, which could lead to a substantial redefinition of the ownership structure.

The sale of 40% of Union Arrow Technologies Inc. Held by Advanet Inc. since July 2009 generated €560 thousand more than the carrying value.

Eurotech owns the following shareholdings in associates to which the equity accounting method is applied:
- 49.5% of Chengdu Vantron Technology following the acquisition of the stakes in 2007 and a sale of stakes in December 2009;
- 24.82% of Emilab S.r.l., founded in 1998;
- 40% of Delos S.r.l., founded during the first half of 2005 and put into liquidation in July 2007;
- 32% of eVS - embedded Vision Systems S.r.l., founded in the first half of 2007;
- 21.32% of UTRI S.r.l., following a capital increase and the purchase of stakes in 2007 and 2008.
- 40% of Isidorey Llc., founded in January 2010, held through E-Tech USA.

4 - Inventories

The following schedule shows inventory breakdown at the end of the periods considered:

(€'000)	at June 30, 2010	at December 31, 2009
Raw & auxiliary materials and consumables - gross	7,549	5,764
Inventory write-down provision	(969)	(611)
Raw & auxiliary materials and consumables - net	**6,580**	**5,153**
Work in process and semi-finished goods	**9,498**	**6,367**
Finished poducts and goods for resale - gross	7,483	6,419
Inventory write-down provision	(977)	(919)
Finished products and goods for resale - net	**6,506**	**5,500**
Advances	**45**	**40**
TOTAL INVENTORIES	**22,629**	**17,060**

As at 30 June 2010 inventories amounted to €22,629 thousand net of provisions for obsolescent and slow-moving items totalling €1,946 thousand. The value of inventories has increased compared to that at the end of 2009, owing to both different exchange rates applied and growth intended to meet outstanding orders at the end of the half-year period.

5 – Work in progress

The following schedule highlights information relating to contracts in progress as at reporting date:

(€'000)	at June 30, 2010	at December 31, 2009
Contract revenues recognised as revenue in the period	627	948
Contract costs bome as at balance-sheet date	549	784
Profits recognised as at balance-sheet date	**78**	**164**
Dow n payments received	0	0
Gross amount ow ed to customer for contractual w ork	36	819
Gross amount ow ed by customer for contractual w ork	0	819
Contract costs and proits recognised as at balance-sheet date	627	948
Revenues recognised in previous periods	1,593	645
Billing based on completion status	1,910	774
Gross amount owed by customer for contractual work	**346**	**819**
Gross amount owed to customer for contractual work	**36**	**18**

6 - Trade receivables

The schedule below shows the breakdown of trade receivables and the respective adjustment reserves at 31 December 2009 and 30 June 2010:

(€'000)	at June 30, 2010	at December 31, 2009
Trade receivables - customers	21,824	24,184
Trade receivables - affiliate companies	38	2
Doubtful debt provision	(674)	(1,151)
TOTAL TRADE RECEIVABLES	21,188	23,035

Note that, as at balance sheet date, the Group did not feature significant concentrations of credit risk. It is believed that these receivables are collectable within 12 months. Trade receivables are non-interest bearing and generally fall due 90-120 days after invoice date.

Trade receivables gross of the doubtful debt provision, decreased by €2,324 thousand versus 31 December 2009. The decrease was mainly due to regular as-due payment of customer receivables, as well as to the different distribution of sales in 1H10 compared with what occurred in the last few months of FY2009.
Receivables include €303 thousand of cash orders presented subject to collection but not yet due at the end of the reporting period.

Since the end of 2009 and throughout 2010, the Group has not entered into receivables assignment deals leading to full transfer of risks and benefits to premier financial counterparties.

Receivables are shown net of doubtful debt provision of €674 thousand. The net decrease in the period was €477 thousand, following the use in respect of credit positions relating to customers declared bankrupt for €851 thousand, the provision of €117 thousand for the period for individual adjustment of receivables' amounts to their presumed realisable value and for the difference generated by the different exchange rate used. 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

Receivables for income taxes represent receivables to the 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 American companies pursuant to payment of interest charges on infragroup loans and dividends distributed to the parent company.

Over the year, a tax credit from the US government for surplus taxes paid in previous years was collected for €1.928 thousand.

Income tax payables are made up of current taxes relating to the year still to liquidate and represent the amounts that the companies must pay to the tax authorities of the respective countries. These payables are calculated based on the tax rates currently in force in each country. Payables for foreign taxes amounted to €1,403 thousand (2009: €1,757 thousand), while Italian tax payables totalled €204 thousand (2009: €9 thousand).

8 - Other current assets

The schedule below shows the composition of other current assets at 31 December 2009 and 30 June 2010:

(€'000)	at June 30, 2010	at December 31, 2009
Amounts receivable for grants	202	208
Advance payments to suppliers	104	156
Tax receivables	1,298	448
Other receivables	428	359
Accrued income and prepaid expenses	1,356	711
TOTAL OTHER CURRENT ASSETS	**3,388**	**1,882**

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 – Cash & cash equivalents

The schedule below shows the composition of cash and equivalents at 30 June 2010 and 31 December 2009:

(€'000)	at June 30, 2010	at December 31, 2009
Bank and post office deposits	22,639	27,879
Cash and valuables in hand	40	45
TOTAL CASH & CASH EQUIVALENTS	**22,679**	**27,924**

Bank deposits are mostly on demand and are remunerated at a variable rate of interest. The fair value of cash and cash equivalents is €22,679 thousand (€27,924 thousand at 31 December 2009). The item includes the amount of €1,161 thousand relating to the escrow account for the residual debt, posted among other payables, vis-à-vis the ex-owners of Eurotech Inc (formerly Applied Data Systems Inc.).

Cash & cash equivalents decreased by €5,245 thousand versus 31 December 2009, mainly owing to the payment of the option on Advanet shares, the payment of loan instalments falling sue in 1H10 and investments in tangible and intangible assets made during the period, only in part offset by cash flow generated by operations. Note that the decreases were offset by the strengthening of the USD and YEN, in which part of the Group's deposits are held.

10 – Net financial position

The Group's net financial position was as shown below:

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

The net financial position was affected by recognition of payables of €1,973 thousand for business combinations. This was due to the recognition of the residual debt relating to the put option for the purchase of shares in Japanese company Advanet Inc., exercised by the minority shareholders in June 2010 to the tune of 23.3% versus 25% overall, and to the residual debt vis-à-vis the ex-shareholders of Applied Data Systems Inc. (now Eurotech Inc.) due to a restricted escrow deposit against an agreed share price, payable in 2011. As at the end of December 2009, the liabilities for business combinations included in the net financial position amounted to €11,417 thousand.

Referring to the two medium-long term loans, that at 31.1209 had been fully reclassified under short-term loans as a result of non-compliance with one of the covenants now the Parent Company had obtained from both lending financial institutions waiver letters, in which the banks formally expressed their willingness to continue the financing relationship based on the original repayment plan, introducing only one increase to the interest margin applied. Having obtained these waivers, at 30 June 2010, the Parent Company therefore reclassified the medium/long-term loans based on the original maturity of the repayment plan.

11 – Shareholders' equity

The schedule below shows the composition of shareholders' equity at 30 June 2010 and 31 December 2009:

(€'000)	at June 30, 2010	at December 31, 2009
LIABILITIES AND EQUITY		
Share capital	8,879	8,879
Share premium reserve	136,400	136,400
Other reserves	(9,017)	(28,383)
Group shareholders' equity	**136,262**	**116,896**
Equity attributable to minority interest	**3,819**	**3,178**
Total shareholders' equity	**140,081**	**120,074**

Share capital at 30 June 2010 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 2009 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, is shown at a total amount of €136,400 thousand.

The positive cumulative translation reserve, which comes to €28,121 thousand, is generated by inclusion in the condensed half-yearly consolidated balance sheets and income statements of the American subsidiaries Parvus Corp., Eurotech Inc., and E-Tech USA Inc., as well as of the British subsidiaries Eurotech Ltd. and E-Tech UK Ltd., and the Japanese subsidiaries of the Advanet Group.

The item "Other reserves" was negative by €31,372 thousand and, as well as other reserves, consisted of the parent company's surplus reserve, formed by losses carried forward, allocations of retained earnings from prior years and other reserves of different origin. Changes were made in this reserve in the period in question for recognition to shareholders' equity net of the effect arising from the estimate of the financial liability relating to the put option on the 25% minority share in the Advanet Inc. capital of €1,292 thousand. Last year, the difference between the original estimated price and the book value of the portion of net assets acquired by Advanet Inc was reported directly with shareholders' equity using the "entity concept method". Consequently, the new estimated price of minority shares object of the put option was charged directly to shareholders' equity. The amount of €1,292 thousand almost fully compensates for the €1,385 thousand recognised up to last year as the difference between the recalculated price and the book value of the share of the net assets acquired by Advanet Inc.; the remaining difference of €93 thousand constitutes the current goodwill resulting from the recognition of the purchase of the original put option.

The "Cash flow hedge reserve", which includes cash flow hedges based on IAS 39, was negative by €502 thousand and increased by €44 thousand gross of the tax effect, which was not recognised due to absence of the necessary prerequisites.
The "Foreign exchange reserve" in which – based on IAS 21 – foreign exchange differences relating to infragroup foreign-currency loans that constitute part of a net investment in foreign operations are recognised, was positive to the tune of €1,000 thousand and increased by €3,226 thousand gross of the related tax effect, which once again was not recorded due to absence of the necessary prerequisites.

As at the end of the reporting period the parent company, Eurotech SpA, held 420,140 treasury shares. Their number remained unchanged vs. 31 December 2009 and they had no effect either on the income statement or on the balance sheet.

The portion of shareholders' equity attributable to minority interest consists of the share of shareholders' equity and results belonging to minority shareholders in the subsidiaries Advanet Inc. and Spirit21 Inc. At 30 June 2010, the total was €3,819 thousand.

12 – Basic and diluted earnings per share

Basic earnings (loss) per share (EPS) are calculated by dividing the income of the reporting period appertaining 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 compared no capital operations took place leading to EPS dilution.

Below is a schedule of the earnings and information on the shares used to calculate base and diluted EPS.

	at June 30, 2010	at December 31, 2009
Net income (loss) attributable to parent company shareholders	(4,963,000)	(9,601,000)
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	(0.141)	(0.274)
- per share diluted	(0.141)	(0.274)

13 - Borrowings

The following schedule shows the breakdown of short and medium-/long-term borrowings as at 30 June 2010:

LENDER	COMPANY	INTEREST	BALANCE ON 31.12.2009	BALANCE ON 30.06.2010	SHORT TERM within 12 months	Total Medium and long-term	Mid term Over 12 months	Long term Over 5 years
CURRENT OUTSTANDINGS - (a)			1,731	2,501	2,501	-	-	-
SIMEST	Eurotech S.p.A.	2.83%	23	-	-	-	-	-
Finance Lease	Eurotech S.p.A.	4.75%	436	387	101	286	286	-
Anvar	Eurotech France	no interest	565	665	-	665	665	-
TOTAL OTHER FINANCINGS			1,024	1,052	101	951	951	-
Banco di Brescia	Saee S.r.l.	euribor 6m + 1,5%	-	-	-	-	-	-
Total Gruppo Banca Lombardia			***-***	***-***	***-***	***-***	***-***	***-***
Banca Pop. Friuladria (*)	Eurotech S.p.A.	euribor 6m +1,15%	9,000	8,000	2,000	6,000	6,000	-
Total Credit Agricole			***9,000***	***8,000***	***2,000***	***6,000***	***6,000***	***-***
Veneto Banca	Eurotech S.p.A.	euribor 6m + 0,95%	488	327	327	-	-	-
Veneto Banca	Eurotech S.p.A.	euribor 6m + 0,95%	-	1,000	493	507	507	-
Total Veneto Banca			***488***	***1,327***	***820***	***507***	***507***	***-***
Banca Intesa	I.P.S. Sist.Progr. S.r.l.	4.66%	9	-	-	-	-	-
Total Gruppo INTESA - SAN PAOLO			***9***	***-***	***-***	***-***	***-***	***-***
The Chugoku Bank Ltd	Advanet Inc.	2.275%	2,166	2,262	1,330	932	932	-
Total The Chugoku Bank Ltd			***2,166***	***2,262***	***1,330***	***932***	***932***	***-***
Cassa Rurale della Valle dei Laghi	EthLab S.r.l.	3.10%	431	412	38	374	173	201
Total Credito Coperativo Banks			***431***	***412***	***38***	***374***	***173***	***201***
Unicredit	EthLab S.r.l.	euribor 3m + 2,0%	127	107	41	66	66	-
Unicredit	Eurotech S.p.A.	euribor 6m + 1,0%	35	-	-	-	-	-
Unicredit (*)	Eurotech S.p.A.	euribor 3m + 2,0%	11,892	11,055	1,750	9,305	8,144	1,161
Total Gruppo Unicredit			***12,054***	***11,162***	***1,791***	***9,371***	***8,210***	***1,161***
Crédite Lyonnais	Eurotech France	4.00%	1	-	-	-	-	-
TOTAL BANK DEBT - (c)			24,149	23,163	5,979	17,184	15,822	1,362
TOTAL OTHER FINANCING AND BANK DEBT - [(b) + (c)]			25,173	24,215	6,080	18,135	16,773	1,362
TOTAL DEBT - [(a) + (b) + (c)]			26,904	26,716	8,581	18,135	16,773	1,362

During 1H10 Eurotech S.p.A. took out a new medium-term loan of €1,000 thousand and Eurotech France took out a medium-/long-term loan of €100 thousand.
In addition, medium-/long-term loan instalments falling due were repaid for a total of €2,058 thousand.

At 31 December 2009, the loans related to Unicredit of €11,892 thousand and Banca Popolare Friuladria of €9,000 thousand were represented in the balance sheet as short term (in line with IAS 1.65) following the violation of one of the covenants established by the respective loan contracts, even though the lenders have expressed their informal agreement not to demand early repayment of the loan. The banks officially resolved by the end of the first half of 2010 to maintain the outstanding loans, with a revision of the spread conditions agreed, and the residual debt of the loans in question was therefore reclassified in accordance with the original repayment plan.

14 - Trade payables

The schedule below shows the composition of trade payables at 30 June 2010 and 31 December 2009:

(€'000)	at June 30, 2010	at December 31, 2009
Third parties	16,028	13,907
Affiliate companies	344	264
TOTAL TRADE PAYABLES	**16,372**	**14,171**

Trade payables at 30 June 2010 came to €16,372 thousand, posting an increase of €2,201 thousand with respect to 31 December 2009.
Trade payables are non-interest bearing and, on average, are settled 90-120 days after invoice date.

15 - Other current liabilities

The schedule below shows the composition of other current liabilities at 30 June 2010 and 31 December 2009:

(€'000)	at June 30, 2010	at December 31, 2009
Social contributions	412	345
Other	4,752	2,779
Advances from customers	838	820
Other tax liabilities	0	590
Gross amount owed to customer for contractual work	36	18
Accrued expanses	466	303
TOTAL OTHER CURRENT LIABILITIES	**6,504**	**4,855**

Other payables

The Other payables item includes amounts payable to employees for salaries as well as for holidays and paid leaves of absence accruing and not taken by employees as at reporting date.

G – Breakdown of key income statement items

16 - Costs of raw & auxiliary materials and consumables used

(€'000)	1H2010	1H2009
Purchases of raw materials, semi-finished and finished products	22,357	17,447
Changes in inventories of raw materials	1,255	3,841
Change in inventories of semi-finished and finished products	(3,275)	(3,359)
TOTAL COST OF MATERIALS	20,337	17,929

Costs for usage of raw & auxiliary materials and consumables increased by 13.4% YoY, rising from €17,929 thousand in 1H09 to €20,337 thousand in 1H10. The increase was related to the sales performance in the period.

17 – Other operating costs net of cost adjustments

(€'000)	1H2010	1H2009
Service costs	8,606	8,251
Rent and leases	1,174	1,063
Payroll	13,292	13,513
Accruals and other costs	590	1,037
Cost adjustments for in-house generation of non-current assets	(1,708)	(1,292)
Other operating costs net of cost adjustments	21,954	22,572

Other operating costs, net of cost adjustments for internally generated non-current assets, highlighted in the table above, fell from €22,572 thousand in 1H09 to €21,954 thousand in 1H10.
The drop in value is mainly attributable to greater cost adjustments for internally-generated non-current assets and in part absorbed by the effect of conversion into euro of foreign companies' figures, whose costs in local currency would represent a fall.

18 – Costs for services

(€'000)	1H2010	1H2009
Industrial services	2,869	2,696
Commercial services	2,080	1,804
General and administrative costs	3,657	3,751
Total costs of services	**8,606**	**8,251**

In the periods considered, costs for services posted a rise of 4.3%, increasing from €8,251 thousand to €8,606 thousand.

19 - Payroll costs

(€'000)	1H2010	1H2009
Wages, salaries, and Social Security	13,108	13,319
Severance indemnities	178	189
Retirement benefit and similar obligations	6	0
Other costs	0	5
Total cost of personnel	**13,292**	**13,513**

Payroll costs fell in the period in question. This drop is less evident owing to the different exchange rates applied in the periods considered. During the 12-month period there was in fact a decrease in employee headcount that is reflected in costs when expressed in local currencies.

As highlighted in the table below, the number of Group employees decreased at the end of the periods considered, falling from 564 in 1H09 to 480 in 1H10, and also decreasing by 50 vs. 31 December 2009. The drop in staff numbers is due to both the deconsolidation on 31 December 2009 of Chengdu Vantron Technology (which had a headcount of 42, included in the end-of-year number of employees), and a reduction in staff resulting from synergies between various Group companies.

Employees	1H 2010	FY2009	1H 2009
Management	20	19	17
Clerical w orkers	388	429	459
Line w orkers	72	82	88
TOTAL	480	530	564

20 – Cost adjustments for internally generated non-current assets

At 30 June 2010 the item Cost adjustments for internally generated non-current assets amounted to €1,708 thousand (versus €1,292 thousand at 30 June 2009). It referred 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 1H09 income statement item, there would have been a reduction of €195 thousand in materials costs, of €815 thousand in payroll costs, and of €699 thousand in service costs.

21 – Other revenue

(€'000)	1H 2010	1H 2009
Government grants	231	193
Sundry revenues	740	315
Total other revenues	971	508

These entries refer mainly to research and development activities which receive funding from local governments and services provided in the past by consultants for the internationalization process of the parent company.
The Other revenue item includes €560 thousand in income resulting from the sale of the entire stake of 40% held in Japanese company Union Arrow Technologies Inc.

22 - Amortisation, depreciation and write-downs

(€'000)	1H2010	1H2009
Amortisation of intangile assets	2,935	2,714
Amortisation of property, plant and equipment	942	938
Write-down of fixed assets	12	357
Total amortisation and depreciation	**3,889**	**4,009**

Depreciation & amortisation and write-downs decreased from a total of €4,009 thousand in 1H09 to €3,889 thousand in 1H10. This change was mainly due to the lesser impact of write-downs, which did not offset the increase in amortisation on intangible assets and in particular on capitalised development costs and investments made over the period.
Amortisation relating to PPA wholly referred to customer relationships (€1,630 thousand).
Asset impairment was entirely due to reduction of capitalised development costs, i.e. for projects relating to special products that did not achieve the market acceptance originally forecast.

23 – Financial charges and income

The outcome of the Group's finance operations is summarised as shown in the next schedule:

(€'000)	1H2010	1H2009
Exchange-rate losses	863	993
Exchange-rate losses from PUT option	1,381	0
Interest expenses	337	704
Interest expenses due to the discounting	0	174
Expenses on derivatives	159	60
Other finance expenses	19	26
Financial charges	**2,759**	**1,957**

(€'000)	1H2010	1H2009
Exchange-rate gains	2,071	755
Exchange-rate gains from PUT option	0	496
Interest income due to the discounting	60	0
Interest income	148	357
Other finance income	0	4
Financial incomes	**2,279**	**1,612**
Net financial income	**(480)**	**(345)**

The decrease in interest expense was due to the Group's lower debt in 1H10 compared with 1H09, as well as to the slight reduction of interest rates payable. The reduction of interest receivable was due to less available cash and the reduction of the interest rate due on deposits.
Exchange rate losses and gains had a significant impact on the results of financial operations in the period. The exchange rate spread on the debt relating to the option had a negative effect of €1,381 thousand in the period, of which much of this amount was realised by the end of June.

24 – Income tax for the period

Income tax for the period ended on 30 June 2010 totalled €263 thousand (of which €1,143 thousand for current taxes and €880 thousand for net deferred tax income) as opposed to a total tax charge of €692 thousand as of 30 June 2009 (of which €1,639 thousand for current taxes and €947 thousand for net deferred tax income), with a decrease of €429 thousand.

(€'000)	1H2010	1H2009
IRES (Italian corporate income tax)	0	0
IRAP (Italian Regional business tax)	0	0
Foreign current income taxes	1,143	1,639
Total current income tax	**1,143**	**1,639**
Net (prepaid) deferred taxes: Italy	22	3
Net (prepaid) deferred taxes: Non-italian	(902)	(950)
Net (prepaid) deferred taxes	**(880)**	**(947)**
TOTAL INCOME TAXES	**263**	**692**

Deferred tax assets as of 30 June 2010 amounted to €1,823 thousand (€1,172 thousand at 31 December 2009). The increase versus 31 December 2009 was due to the foreign exchange effect and to the net effect of temporary differences created and reversed in 1H10.
Deferred tax liabilities as of 30 June 2010 amounted to €12,704 thousand (€10,854 thousand at 31 December 2009). The increase was mainly due to the exchange rate effect on amounts expressed in USD and YEN, and relating to the values attributed during PPA.

H – Other information

25 – Related-party transactions

The condensed half-yearly consolidated financial statements include the half-yearly financial statements of Eurotech SpA and the half-yearly accounts of the subsidiaries indicated in the following schedule:

Name	Location	%of ownership 30.06.2010	%of ownership 31.12.2009
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	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%
E-Tech UK Ltd.	UK	100.00%	100.00%
ETH Devices S.r.o.	Slovakia	100.00%	100.00%
Saee S.r.l.	Italy	100.00%	100.00%
Advanet Inc.	Japan	88,3% (2)	65% (1)
Spirit21 Inc.	Japan	88,3% (2)	65% (1)
Affiliated companies			
Chengdu Vantron Technologies Inc.	China	49.50%	49.50%
Delos S.r.l.	Italy	40.00%	40.00%
Isidorey Llc	United States	40.00%	-
Union Arrow Technology Inc.	Japan	-	36.00%
eVS embedded Vision Systems S.r.l.	Italy	32.00%	32.00%
Emilab S.r.l.	Italy	24.82%	24.82%
Utri S.p.A.	Italy	21.32%	21.32%

(1) (2) The consolidation percentage remains 90%, in line with previous periods, owing to the put option on 25% of the shares of the subsidiaries, exercised to the tune of 23.3% as of June 2010.

Below we present related-party transactions, not eliminated during consolidation, and compensation accrued in the period for directors and statutory auditors for offices held in Eurotech SpA and in other consolidated companies in compliance with the requirements of Article 78 of CONSOB (Italian securities & exchange commission) Regulation no. 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	36	-	449	-	4	293
Isidorey Llc	32	3	-	492	34	-
Union Arrow Technology Inc.	1	-	1,536	-	-	-
Emilab S.r.l.	-	-	56	-	-	39
eVS embedded Vision Systems S.r.l.	-	-	26	-	-	12
Utri S.r.l.	-	14	-	525	-	-
Total	**69**	**17**	**2,067**	**1,017**	**38**	**344**
Other related parties						
Wulfenia	-	-	13	-	3	-
Finmeccanica Group	358	-	6	-	403	35
Total	**358**	**-**	**19**	**-**	**406**	**35**

Name		Expiration	at June 30, 2010 Fees for the appointment	Other fees	Benefits	Bonus
Siagri Roberto	President	In charge up to 31.12.2010 financials approval	169	5	2	-
Tecchiolli Giampietro	Vice President - Director	In charge up to 31.12.2010 financials approval	114	5	-	-
De Toni Alberto Felice	Director	In charge up to 31.12.2010 financials approval	10	-	-	-
Pizzul Cesare	Director	In charge up to 31.12.2010 financials approval	10	-	-	-
Chiara Mio	Director	In charge up to 31.12.2010 financials approval	10	-	-	-
Barazza Sandro	Director	In charge up to 31.12.2010 financials approval	4	49	1	-
Bagnato Filippo Nicola	Director	In charge up to 31.12.2010 financials approval	4	-	-	-
Soccodato Giovanni	Director	In charge up to 31.12.2010 financials approval	4	-	-	-
Tucci Maurizio	Director	In charge up to 31.12.2010 financials approval	4	-	-	-
Siciliotti Claudio	President of Bord of Auditors	In charge up to 31.12.2010 financials approval	15	-	-	-
Cignolini Michela	Statutory Auditor	In charge up to 31.12.2010 financials approval	10	-	-	-
Giuseppe Pingaro	Statutory Auditor	In charge up to 31.12.2010 financials approval	10			
TOTAL			361	59	3	-

Lastly, below 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 n. 11971/19 99 as subsequently amended and Annex 3C of the same regulation.

		June 30, 2010								
Name		Company	Possessory title	Share at January 1,	Share acquired in the period	Share acquired in the period	Share disposed in the period	Share at the end of the period	Share at the end of the period indirectly	
Siagri Roberto	President	Eurotech	Ownership	2,500,531	-	-	-	2,500,531	1,040,371	
Tecchiolli Giampietro	Director	Eurotech	Ownership	191,015	-	-	-	191,015	-	
De Toni Alberto Felice	Director	Eurotech	Ownership	6,003	-	-	-	6,003	-	
Mio Chiara	Director	Eurotech	Ownership	-	-	-	-	-	-	
Pizzul Cesare	Director	Eurotech	Ownership	-				-	-	
Barazza Sandro	Director	Eurotech	Ownership	-				-	-	
Bagnato Filippo Nicola	Director	Eurotech	Ownership	-	-	-	-	-	-	
Soccodato Giovanni	Director	Eurotech	Ownership	-	-	-	-	-	-	
Tucci Maurizio	Director	Eurotech	Ownership	-	-	-	-	-	-	
Siciliotti Claudio	President of Board of Auditors	Eurotech	Ownership	20,000			-	20,000	10,000	(*)
Cignolini Michela	Statutory Auditor	Eurotech	Ownership	-	-	-	-	-	-	
Giuseppe Pingaro	Statutory Auditor	Eurotech	Ownership	-	-	-	-	-	-	

(*) Shares owned indirectly by Pronet S.r.l.

26 - 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 agreement with Group policies, no speculative derivatives have been undertaken.

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 policies 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. In previous FYs the Group entered into collar contracts with an interest rate cap, and into interest rate swap (IRS) contracts (still outstanding) featuring recognition of a floating rate against payment of a fixed rate. Both types of contracts are 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 30.06.10, not considering the loans already in place at the Japanese companies, for which the interest rate is limited, approximately 48% of Group loans had a fixed interest rate (in 2009 the percentage was also 50%).

Exchange rate risk
In view of the significant investment transactions in the USA, Japan and the UK, with substantial foreigncurrency cash flows coming both from business and financial operations, the Group's financial statements can be significantly affected by changes in the USD/EUR, JPY/EUR and GBP/EUR exchange rates.

Some 82.1% of the Group's sales of goods and services and 75.9% of its purchasing costs and operating costs are denominated in a currency other than the functional currency used by the parent company to prepare these condensed half-yearly consolidated 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. Receivables of the main customers are insured even if in 2009, the insurance companies have significantly reduced lines of credit to some customers.
There is no significant concentration of credit risk in the Group.
Credit risk concerning other Group financial assets, which include cash & cash equivalents and financial instruments, features a maximum risk, in the event of the counterparty's insolvency, equal to the book value of these assets.

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 possible equity financing in the market.
Group policy states that no more than 40% of loans must fall due within 12 months.
At 30 June 2010, based on reported balances in financial statements, 25.1% of the Group's financial payables were due within one year (27.1% in 2009, based on original schedules. These amounts are different from those shown in financial statement balances, as in light of informal agreements, there is little risk of the lenders demanding early repayment of the loans).

27 – Financial and 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

As of 30 June 2010, the Group held four IRS contracts (for a total residual notional of €9.5 million) signed during the last few years and designated as instruments to hedge the risk of interest rate changes.

	Due date	*Fixed rate*	*Floating rate*	*Market value (€'000)*
Interest rate swap contracts				
€4,000,000	30.06.11	3.95%	Euribor 6 month	(107)
€5,527,477	30 December 2015	4.08%	Euribor 6 month	(395)

Interest rate swap contract conditions were negotiated to coincide with the conditions of the underlying commitments. Accounting treatment at fair value based on cash flow hedge of the above financial instruments led to an overall net effect of €-502 thousand recognised directly in equity of which €44 thousand accrued in 1H10.

28 - Events after the reporting period

No other significant events took place after the end date of the condensed half-yearly consolidated financial statements at 30 June 2010.

29 – 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 in the second half are primarily due to customers' scheduling and are confirmed by the Group's present order book.

Attestation of Condensed Half-Yearly Consolidated Financial Statements

Pursuant to Article 154-bis, paragraph 5 – Part IV, Title III, Head II, Section V/2, of Italian Legislative Decree no. 58 of 24 February 1998: "Consolidated Finance Act [Testo unico delle disposizioni in materia di intermediazione finanziaria] pursuant to Articles 8 and 21 of Law 52 of 6 February 1996".

1) The undersigned Roberto Siagri, Chief Executive Officer, and Sandro Barazza, Corporate Financial Reporting Manager, of Eurotech SpA, herewith attest, also having taken into account the requirements of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998 [the Italian Consolidated Finance Act] as subsequently amended and supplemented:
   – The adequacy in relation to the company's characteristics and the effective application of administrative and accounting procedures for formation of condensed half-yearly financial statements during the period from 1 January 2010 to 30 June 2010.

2) No significant aspects emerged in this respect.

3) It is further attested that the condensed half-yearly consolidated financial statements:
   a) correspond to the corporate books and accounting records;
   b) have been prepared in compliance with the international accounting standards (IFRSs) recognised in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council, dated 19 July 2002;
   c) are able to provide fair and true representation of the balance sheet, business performance and financial status of the set of entities included in the scope of consolidation.

4) The interim management report contains references to the important events occurring in the first six months of the financial year and to their impact on condensed half-yearly consolidated 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), 27 August 2010

Eurotech S.p.A.

Roberto Siagri
Chief Executive Officer

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 statement of basic income and 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, 2010. 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 n. 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 31, 2010 and on August 28, 2009, 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, 2010 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 27, 2010

Reconta Ernst & Young S.p.A.
Signed by: Claudio Passelli, Partner

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

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